



Southwest Economic Development Committee

Friday, July 8, 2005

10:00 a.m.

Virginia Highlands Small Business Incubator

Abingdon, Virginia

APPEARANCES:

The Honorable Terry G. Kilgore, Chairman

The Honorable William C. Wampler, Jr., Vice Chairman

The Honorable Philip P. Puckett

Mr. Fred M. Fields

Mr. H. Ronnie Montgomery

Mr. Stephen S. Banner

Mr. Steve Anders, Governor's Fellow, representing Secretary Schewel

COMMISSION STAFF:

Mr. Carthan F. Currin, III, Executive Director

Mr. Ned Stephenson, Manager of Strategic Investments

Mr. Timothy Pfohl, Grants Program Administration Manager

Ms. Sara Griffith, Grants Coordinator, Southwest Virginia

OFFICE OF THE ATTORNEY GENERAL

Frank N. Ferguson, Deputy Assistant Attorney General, Counsel for the
Commission

DELEGATE KILGORE: Good morning, thank you all for
coming.

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1 Carthan, would you call the roll?
2 MR. CURRIN: Mr. Banner?
3 MR. BANNER: Here.
4 MR. CURRIN: Mr. Fields?
5 MR. FIELDS: Here.
6 MR. CURRIN: Delegate Johnson?
7 DELEGATE JOHNSON: (No response.)
8 MR. CURRIN: Mr. Montgomery?
9 MR. MONTGOMERY: Here.
10 MR. CURRIN: Senator Puckett?
11 SENATOR PUCKETT: Here.
12 MR. CURRIN: Mr. Thompson?
13 MR. THOMPSON: (No response.)
14 MR. CURRIN: Senator Wampler?
15 SENATOR WAMPLER: Here.
16 MR. CURRIN: Mr. Chairman, I'd like to introduce to the
17 Committee Mr. Steve Anders, who is from Virginia Beach. He is here today representing
18 Secretary Schewel. He is a Governor's Fellow, and there are seventeen other Governor's
19 Fellows serving in the cabinet this summer. Could we please present a warm Southwest
20 Virginia welcome to Mr. Anders?
21 Also, worthy of note is that Mr. Anders is a recent graduate of the
22 University of Virginia.
23 Mr. Chairman, Mr. Pfohl will present Staff's recommendations to the
24 Committee. We have handed out the agenda and also Staff recommendations, as many as
25 we have. We've got some thirty-seven grants that the Staff reviewed and the Committee
26 will review and vote on today, and they will go on to the Full Commission for its full
27 consideration. The Full Commission meeting has been changed, it was originally
28 scheduled for July 28, and that meeting date has been changed to August 18th at
29 Longwood University.
30 MR. FIELDS: The first day of school for me.
31 MR. CURRIN: I'll try to get you an excuse, Fred.
32 DELEGATE KILGORE: I want to welcome all of you to
33 this beautiful facility here at the Virginia Highlands Small Business Incubator. This is a
34 great facility, and I am glad you have allowed us to come here and hold our meeting and
35 we could all see this facility. I know the Tobacco Commission has invested in this
36 facility. I know that Southwest Economic Development, I believe we've helped out with
37 about four hundred thousand into it, and the Special Projects Sub-Committee of the
38 Tobacco Commission invested another five hundred thousand. I think it was money well
39 spent, and I would encourage each one of you to walk around during the break, or when
40 we get through, and just look around. There are a lot of things going on here and a lot of
41 things going on in this park. I know the Town of Abingdon and Washington County is
42 really making some headway here.
43 I guess the first order of business is to approve the October, 2004 Minutes

1 of the Southwest Economic Development Sub-Committee. Do I have a motion?

2 MR. BANNER: I so move that we approve the Minutes.

3 DELEGATE KILGORE: There's a second, all those in
4 favor of approving the Minutes, say aye? (Ayes.) Opposed? (No response.) All right,
5 they're passed.

6 Mr. Pfohl, I think it is time that you, do it any way that you want to. If
7 you just want to speak from there, that will be fine. If anyone has any problems hearing,
8 please let us know and we'll try to speak up. The sound system here probably isn't as
9 good as it should be, but we can get louder as time goes on, if we need to.

10 MR. CURRIN: Mr. Chairman, I'd like to introduce Frank
11 Ferguson, Deputy Attorney General. He serves as Counsel to the Commission. Also
12 from our Staff is Mr. Ned Stephenson, who is the Manager of Strategic Investments for
13 the Commission. Ms. Sara Griffith, who is a native of Southwest Virginia who serves as
14 our Grant Coordinator for Southwest Virginia, the great Southwest. She runs our
15 Southwest Virginia field office, which is based here in Abingdon, Virginia.

16 DELEGATE KILGORE: What we are going to do here is
17 have Staff go through these items. Tim, Sara and Ned have really done a great job going
18 through a lot of these applications. They are doing a lot of things to help the
19 Commission, and they are doing a lot of the legwork for us. I want to personally thank
20 you for that, and the Commissioners will also want to thank you for that.

21 Now, as we get to each project, if you have a question, members of the
22 Commission, go ahead and ask Tim, so that he can call on those in attendance who are
23 representing that particular project and then make a brief statement. I'd like to be out of
24 here before 1:00 or 2:00 if possible.

25 All right, Tim, you're up.

26 MR. PFOHL: Mr. Chairman, just a correct summary of
27 how we got to this point today. The funds in question today are actually from the fiscal
28 year that we recently completed last week, FY05 Southwest Economic Development
29 funds, and they are funds that were received in April of 2005, Settlement payments, so
30 they are dollars that the Commission has on hand. This is the amount that was budgeted
31 annually for the Southwest Economic Development Fund in the fiscal year just ended.
32 The applications were received March 1st.

33 As most of you know, the process to review these and make Committee
34 recommendations to the Full Commission was tabled in May to allow the Commission to
35 pursue securitization of a portion of our annual payments from cigarette manufacturers.
36 These are not securitized funds, but these are funds that are available both for capital
37 expenses as well as operating funds and other uses. They are not limited by
38 securitization. They are dollars that the Commission has on hand. We have a balance of
39 just over three million dollars, including a small amount of funds that were carried
40 forward from previous years. We have in excess of 9.3 million dollars of requests. So
41 we have a very challenging task trying to determine what would be the most appropriate
42 investment for the Commission.

43 Staff did a thorough review, and in many cases asked the applicants for

1 additional information and put our heads together as a group and developed consensus on
2 the recommendations. You have a spreadsheet that was distributed in the room. I
3 apologize that there are apparently not enough copies of that. You can see the Staff
4 recommendations on that.

5 DELEGATE KILGORE: Would you tell the ladies and
6 gentlemen what process you went through and how you got to the Staff
7 recommendations, just briefly?

8 MR. PFOHL: The Staff has a review process that includes
9 a scoring system that helps us to provide some relative ranking of the requests, not the
10 be-all and end-all. We don't use an absolute scoring cutoff, but it is a factor that helps us
11 take nearly forty requests and provide a ranking and the strengths and weaknesses of
12 those requests. We score those based on the Commission's Long Range Plan, which was
13 adopted nearly three years ago, and the objectives that are explained in the Commission's
14 Economic Development Grant Program Guidelines, which most of you saw, because that
15 is part of the application packet that you filled out to get here. In many cases, as I said,
16 we asked you for additional information to help us understand your requests better. The
17 Committee itself has seen five pages from each application. The title page, the summary
18 page, the outcome page, the sources of other funds, and the budget page. There are also
19 offered if you want to see the complete application, we provide that to them, and that's
20 available. Those are the pages that the Committee receives, and the Staff reviews the
21 entire application, as well as any additional material that you provide.

22 We have a series of recommendations, and in some cases we have
23 recommended no funding, in some cases partial funding to help a project move forward
24 through its critical next steps. In some cases we have recommended full funding. In
25 several cases we have recommended referring a project over to another committee of the
26 Tobacco Commission where we feel it may be a more logical fit. We have about an
27 eighteen or twenty page summary document that includes a summary of each request and
28 Staff's comments and recommendations. We will make that available to anyone that
29 wants to see that information, and we can cut and paste specific comments on your
30 request and e-mail that to you or fax it to you, if you'd like.

31 DELEGATE KILGORE: Let me interrupt for one minute.
32 Let me introduce Senator Wampler to our meeting.

33 SENATOR WAMPLER: I apologize, my daughter had four
34 wisdom teeth extracted yesterday, and neither one of us got any sleep last night. I took a
35 nap from about 7:00 to 9:00, I'll tell you that, but I'm here.

36 DELEGATE KILGORE: The main thing for Senator
37 Wampler is keep your presentations exciting today.

38 MR. PFOHL: Due to the fact that we have over three
39 dozen requests, I yield to your preferences on how you want to proceed through this.
40 You've had the summaries and comments for a number of weeks now, and if there are any
41 questions about those I'd be happy to provide it.

42 DELEGATE KILGORE: Would you like to go down the
43 list briefly and tell a little bit about it and see if there are any questions and recognize

1 individuals who are here in support of it and ask them to stand if there are any questions
2 from the Commission members? Does that sound like a good way to do it to everyone?

3 MR. PFOHL: Then, starting off in alphabetical order, we
4 would start first with Appalachian Authors Guild. It was a request originally for three
5 hundred thousand, and the applicant has come back to us and reduced their request to a
6 hundred thousand to help them with start-up costs and to develop an on-line e-commerce
7 portal that would serve Appalachian authors throughout the country and throughout the
8 world. They would be authors from the thirteen Appalachian regional councils states,
9 and this would be marketed through the Richlands Business Incubator. The total project
10 cost is six hundred thousand.

11 In conversations with the applicants, Staff has found that they have
12 completed a business plan. They have a pending non-profit tax application in with the
13 Internal Revenue Service, so there is some question whether they are technically even
14 eligible as an eligible applicant at this point. With the revenues projected in the
15 applicant's business plan we're suggesting that they talk to Peoples, Inc. revolving loan
16 fund that was capitalized in part by the Tobacco Commission a couple of years ago in
17 order to look into some financing in lieu of grant funds from the Commission.

18 DELEGATE KILGORE: Members of the Commission,
19 any questions? Who is here in support of the Appalachian Authors Guild? Just identify
20 yourself.

21 MR. CHAFIN: I'm Andy Chafin, and I am the Director of
22 the Cumberland Plateau Planning District.

23 Gentlemen, rarely do we have an opportunity to help our people lift
24 themselves up economically through their own talent. I loaned this group ten thousand to
25 get started with, and they've got that up and running. Two hundred and eight authors
26 throughout the thirteen states have already joined, paying twenty-five dollars a month.
27 We anticipate we will have a thousand members throughout Appalachia.

28 Two members of the Guild recently personally cosigned a bank loan for
29 five thousand dollars to pay expenses for the Guild while we are trying to raise money.
30 The staff are now volunteering their own time, and the Board of Directors, and we have
31 no paid staff to fill the book orders. The lengthening of our culture and technology made
32 available by you gentlemen through your technology that brought this opportunity that
33 wasn't available to Southwest Virginia before. The entire world can now click on
34 *www.appalachianauthorsguild.com* and order books from Appalachia authors. The
35 profits go to local people rather than *amazon.com* and New York publishing houses.

36 I strongly urge you to support this group. The national headquarters for
37 this group will be in Southwest Virginia, and this could be a real economic boost to these
38 people, and there are thousands of them, potentially. Please reconsider this. I think this
39 is a rare opportunity we can help our people lift themselves up with their own talents. I
40 urge you to reconsider and help them if you can.

41 DELEGATE KILGORE: Any questions of Andy or Tim
42 Pfohl on this?

43 SENATOR PUCKETT: Mr. Chairman, I have met and

1 talked to these people, and I want to tell you I am encouraged by what they have done
2 already. What is the status of the non-profit determination?

3 MR. PFOHL: I am told they have an application that is
4 pending with the IRS. They have not gotten a determination letter from the IRS that
5 would tell them whether or not they have received non-profit status. There may be more
6 recent information on that from the applicant.

7 SENATOR PUCKETT: Andy, do you have any
8 information?

9 MR. CHAFIN: All we know is that it is still pending, and
10 we haven't gotten approval yet.

11 DELEGATE KILGORE: It's a worthy cause, but the non-
12 profit status, I think we would run into some trouble.

13 MR. FERGUSON: We certainly are prohibited as a general
14 matter using public money to support for-profit or not-for-profit organizations. With our
15 guidelines we try to avoid that problem, constitutionally it is a pretty significant issue.

16 MR. MONTGOMERY: This is not-for-profit?

17 MR. FERGUSON: It is sort of a sliding scale issue. There
18 is no absolute prohibition that says there is a well-founded determination for public
19 purpose, but the closer you get to a for-profit organization the more difficult that hurdle
20 becomes.

21 SENATOR PUCKETT: Mr. Chairman, Staff has made an
22 alternative recommendation I think they might consider, and that is approaching People
23 Incorporated, which we have invested money in for this specific purpose. I would also
24 say that if the non-profit is approved, I'd like to see the group have some consideration.
25 In the meantime, I can't imagine that People Incorporated would not look favorably upon
26 some kind of help in trying to keep you moving in that direction. I was impressed with
27 what I heard and the opportunity, one of the things that caught my attention that Andy has
28 already mentioned is about people right here that are already doing this.

29 DELEGATE KILGORE: I think they are doing a great job.
30 There is nothing prohibiting Andy from coming back when you get that and see if we
31 can help you. I think that is what Senator Puckett is alluding to.

32 SENATOR PUCKETT: Yes, I think right now our hands
33 are tied because we don't have the non-profit designation, so I don't think legally we
34 could actually give them the money, but I would encourage you to take a look at People
35 Incorporated and see what they might be able to do to help you. Whatever you get from
36 that, let us know, and maybe we can pursue something from that.

37 MR. BANNER: I think Senator Puckett answered my
38 question. I strongly support this. The problem seems to be the non-profit determination,
39 is that the major problem?

40 MR. PFOHL: Principally, yes. We felt they had a
41 thorough and aggressive business plan, and certainly it is a good thing to have when you
42 approach funders and lenders.

43 MR. BANNER: I think it is a great opportunity for authors

1 in the Appalachian area, and I strongly support it, and I would like to see us work
2 something out.

3 DELEGATE KILGORE: What we are saying is, don't
4 give up on us yet. I would encourage you to go to People Inc., as we have funded a lot of
5 work with them, we've worked with them a lot, and I encourage you to go there and see
6 them.

7 All right, thirty-six more to go.

8 MR. PFOHL: The second project alphabetically is the
9 Town of Big Stone Gap, and they are the applicant on the Virginia Regional Dam
10 Replacement Project. The request is for two hundred fifty thousand dollars, and this is
11 the second request for this particular project from the town. The Commission provided
12 funding from this Committee of two hundred fifty thousand dollars last year. This
13 additional request is a result of some excavation work in December of last year which
14 revealed that there were additional project expenses that had to be addressed. The Staff
15 recommends a full award of two hundred fifty thousand, which would allow the
16 completion of this regional water project.

17 DELEGATE KILGORE: I was at the opening of the dam
18 the other day with Congressman Boucher, and a lot of people asked a lot of questions
19 about this two hundred fifty thousand dollars. The Congressman asked me to ask you all
20 to hopefully act favorably on this request.

21 MR. MONTGOMERY: I think it is truly a good regional
22 project. We've put at least two hundred fifty already into it. It helps Lee and Scott
23 Counties and Wise, Norton, and the whole area. This is a good regional project, and I am
24 certainly for it.

25 DELEGATE KILGORE: Anyone here from Big Stone?

26 MR. FLANNERY: I'm Ron Flannery from Lenowisco. I'd
27 briefly say that this is about a seven million-dollar project. What generated the request is
28 that during the construction the contractor and engineers encountered some sub-surface
29 conditions that were not fully anticipated. That generated a cost overrun. So that is the
30 nature of it. Everything you said is correct. We would encourage you to act favorably on
31 this.

32 DELEGATE KILGORE: Moving on.

33 MR. PFOHL: The Bristol Historical Association has two
34 requests. The first one we will address is the Robert Preston Living History Museum, a
35 request for three hundred twenty thousand dollars. It is to assist in the relocation and
36 reconstruction and begin operations for a living history museum. The Robert Preston
37 House is a Virginia and National Historic Landmark and needs to be relocated to make
38 room for a new commercial development. A site has to be secured within an agreement
39 with the City of Bristol. This is a project that the Commission and specific committees
40 assisted with twenty-five thousand of financing two years ago for the cost of relocating
41 the house. That relocation is imminent, now that an agreement has been had as of last
42 month on the site it will be placed on. The Staff recommends partial funding of thirty
43 thousand to begin the architectural design and planning for the reconstruction work on its

1 new site.

2 DELEGATE KILGORE: Anyone here from the Bristol
3 Historical Commission?

4 MS. JONES: I'm Deborah Jones, a Board Member, and I
5 wrote the grant.

6 DELEGATE KILGORE: Does anyone have any
7 questions? All right.

8 MR. PFOHL: The I. C. Fowler Gallery is a request from
9 the Bristol Historical Association for two hundred one thousand five hundred dollars to
10 assist with architectural plans and phase-one renovations of an 1867 house to create a
11 museum for the Bristol Historical Association's photo collection. The total project cost is
12 just under a half million dollars. Staff has recommended no award, because we looked at
13 this and felt it would primarily document local history and would appeal more likely to
14 local residents than to tourists from outside the region, and we recommended no award.

15 MS. JONES: I just want to make one statement. As you
16 know, Bristol was the location of the original tobacco growing R. J. Reynolds and
17 happens to be in possession of some of the earliest photographs of the industry or in the
18 world. Right now they are just deteriorating, and they are kept in a file cabinet under
19 unsafe conditions. I understand the Tobacco Commission has been very generous already
20 with the Robert Preston project. I hope you will reconsider for next year the I. C. Fowler
21 Project.

22 DELEGATE KILGORE: Next we have the Burley
23 Tobacco Festival and Farm Show.

24 MR. PFOHL: The Burley Tobacco Festival request is one
25 hundred thousand dollars to build the Washington County Fairgrounds project. It is a
26 non-profit applicant that has previously been funded in FY02 in the amount of two
27 hundred thousand for construction of an agricultural training center at the fairgrounds.
28 This request would provide a second means of access to the fairgrounds, which had
29 visitation of over a hundred thousand people and has experienced some significant traffic
30 backups getting folks onto and off of that site. Because of the agribusiness nature of the
31 facility, Staff is recommending that this request be referred to the Agribusiness
32 Committee.

33 DELEGATE KILGORE: They have constructed the
34 agricultural training center, spent dollars there?

35 MR. PFOHL: Yes.

36 DELEGATE KILGORE: Who is here from the Burley
37 Tobacco Project?

38 MR. REYNOLDS: I'm Ken Reynolds, President of the
39 Association. You mentioned we received help from you in the previous years to
40 construct the agricultural training center. We completed that project and have been using
41 it. We had to borrow money to get the job done, but we're paying that note off, and we
42 appreciate your help, and it has been a success. We've got more people coming in, but we
43 have a serious problem. That problem is our exit and entrance. The entrance we have is

1 the one we had twenty-five years ago, we not only have a problem getting people in, but
2 getting people out, and it is a serious safety problem. In our application we got a
3 recommendation from the Washington County Sheriff's Department, the Town of
4 Abingdon Police Department, and we're really concerned about the safety of getting the
5 people in and out. We have had people come in, and they have blocked the roads, and we
6 have had them out on the highway, and we just can't get the people out once they are
7 there. We serve the farmers and the youth of this area, and we serve many other vendors
8 that use the fairgrounds. When you look at the application I hope you understand the
9 seriousness of it. The only way we can improve this entrance and exit is if you guys
10 help.

11 DELEGATE KILGORE: I guess what we're saying is if we
12 can get the Agribusiness Committee to help, I think this is a project that would fit in the
13 Agribusiness Committee's structure, and it has something to do with their goals. We're
14 not saying you're not going to get help, but we think the Agribusiness Committee might
15 be a more appropriate place to fund this. Joe Johnson is the Chairman of that one, so I
16 think you can come out pretty successful.

17 MR. REYNOLDS: Well, we hope so, and we invite you all
18 to come out to the fairgrounds. The fair is, I think, the 11th of September after Labor
19 Day this year. We certainly appreciate your help, and if we have to go to Agribusiness
20 that's where we'll go.

21 DELEGATE KILGORE: Did I hear a recommendation that
22 be referred to the Agribusiness group?

23 SENATOR WAMPLER: So moved.

24 MR. MONTGOMERY: Second.

25 DELEGATE KILGORE: All in favor say aye? (Ayes.)

26 All right, the next item is Cleveland Community Center, Inc.

27 MR. PFOHL: This is the first of several community center
28 projects that have been submitted in this round. It presented an issue that as far as
29 consistency with the Commission's Long Range Plan and whether community center
30 projects that have primarily local impact are the types of projects that will help transform
31 and revitalize the economies of the tobacco region. This is a recently incorporated
32 applicant and has a non-profit application pending with the Internal Revenue Service.
33 The requested funds to renovate the former agricultural building of the Cleveland
34 Elementary School and the community services building, that request is a hundred and
35 twenty-five thousand ninety-seven dollars. This applicant has not yet obtained tax-
36 exempt status, although I am sure they can get it. It's not in hand yet. Probably more
37 problematic is that the property is owned by a church, which is leased to the applicant as
38 a site for an array of community uses, some of which are targeted in our Long Range
39 Plan. Assistance to the site focused on specifically grant eligible programs, such as
40 education grants and provide GED training, tech exams and other examples like that
41 would be more appropriate for assisting this project and this organization. So in this case
42 the physical improvements to the site, the applicant only has a lease on this property, so
43 the Staff is recommending no award.

1 DELEGATE KILGORE: The problem here is that we have
2 not obtained a tax-exempt status?

3 MR. PFOHL: Yes, that is correct. Ownership of the
4 building is an issue, in that the applicant will only be leasing the building and not owning
5 it.

6 DELEGATE KILGORE: All right, anyone want to speak
7 on that?

8 MR. MUSSELMAN: I'm Tom Musselman, I'm one of the
9 Board members, and I really appreciate that you're considering this. We're the new kid
10 on the block in that we're not used to these kinds of applications. We felt it was a
11 legitimate request in that the lease was given to a non-profit, or will be, once that gets
12 done. The Board of Directors has no affiliation with the church. The Washington County
13 Board of Supervisors didn't seem to have a problem with that, and they have awarded us
14 some funding, for which we are grateful. However it goes, we would invite you to come
15 out and take a look at it. We'll take any contributions from individuals or anyone else.
16 Come look at it and talk to us about what we're doing.

17 DELEGATE KILGORE: We encourage you to re-file, and
18 once you get that non-profit status, that's problematic for us.

19 MR. MUSSELMAN: Would that make a difference in your
20 consideration?

21 DELEGATE KILGORE: Probably would make a big
22 difference.

23 MR. BANNER: Where is the Cleveland Community
24 Center located?

25 MR. MUSSELMAN: You have to be wanting to go there
26 to go by there. That's back when schools in the community pulled the community
27 together. When the school went away and the building burned, everything went away.
28 The best way to tell you is to go out Old Johnsboro Road until you get to Golden View
29 and take a left and keep going until you find the building.

30 MR. BANNER: Being from Russell, I didn't really know
31 where you are, but is it south of Abingdon?

32 MR. MUSSELMAN: Yes, almost to the Holston Reservoir.
33 When schools go away communities scatter, and our idea is to pull it back together. I
34 think you're telling me, if I hear it correctly, once we get our non-profit status it wouldn't
35 be a waste of time to reapply?

36 DELEGATE KILGORE: Yes.

37 MR. MUSSELMAN: All right, thank you.

38 SENATOR WAMPLER: I offer this not just to the panel
39 but to those of you in the audience that may have a community center application
40 pending or thinking about turning one up. It's probably a role of the Commission in some
41 part to try to help the community. I think we could probably ask Staff to develop, for
42 lack of a better word, protocol. If you fall under that protocol what we would look for.
43 In other words, Washington County ought to be willing to be a major participant in any of

1 those applications. I'm not sure the Tobacco Commission should be the majority funder
2 of those centers. I'll violate my own rule and say this, that if there is a unique component
3 to that community center or where it is regional in scope if there is a unique training
4 component. I know we did something in Mendota to help train or help the library that
5 also corresponded with our deployment of fiber optics, a grant from Microsoft, as I recall.
6 That community center made a lot of sense for us to be more than a member to be a
7 minority participant. That is just one person's view. I know this is not going to be the
8 last community center application we get. We ought to try to get some kind of
9 mechanism so applicants will have a better idea what it is that we may or may not fund.
10 Clearly the non-profit designation has to be there, or we'll get a phone call from the
11 Office of the Attorney General saying that you're violating your rules or the Constitution.

12 MR. FERGUSON: Just so there is no misunderstanding,
13 the Cleveland Community Center application, there's an issue with it being a leased
14 property rather than an owned property. To the extent that we might be granting funds
15 for capital improvements on leased property that could go away from the Cleveland
16 Community Center's control, we would have some concern about that. It seems to me the
17 kind of programs that they may be offering may be ones that would get some assistance
18 through the Education Committee and that sort of thing. I would have a hard time
19 endorsing as your Counsel, a grant with that risk with this leased property.

20 MR. MONTGOMERY: I would agree with Senator
21 Wampler. I think it has to be more of a unique situation and more regional in scope.
22 We've got community centers in probably every county, you could have a hundred
23 community centers in every county. The concern I have about it is that it doesn't really
24 revitalize that much of the economy. I know it does some, but it is pretty limited.

25 DELEGATE KILGORE: Moving on to Cove Ridge Center
26 Foundation.

27 MR. PFOHL: This is also a non-profit application, and
28 they have requested funds for their Appalachian Heritage RV and Motorcycle Tour
29 project, and it is a request for twenty thousand. They want to do some direct marketing
30 to RV and motorcycle enthusiasts through their state and national associations. The
31 request would allow funding of a research project to take a look at the economic impact
32 of the marketing to these tours.

33 DELEGATE KILGORE: Have they done pretty well?

34 MR. PFOHL: Yes, the applicants did a successful
35 demonstration in 2004, and they have a track record of success, and this would allow
36 them to expand their marketing. This has the endorsement of the Heart of Appalachia
37 Regional Tourism organization, and the Staff recommends full award.

38 DELEGATE KILGORE: Has the ARC committed?

39 MR. PFOHL: Yes.

40 DELEGATE KILGORE: Any questions on that one?

41 All right, Town of Damascus.

42 MR. PFOHL: Creeper Trail Campground on Beaver Dam
43 Creek. It is a request for just under a half million dollars to do phase-one construction on

1 forty-six campsites, twenty-three RV sites and twenty-three tent sites. That would also
2 provide amenities such as convenient toilets, campground connectors, and trails and
3 roads. They received seventy-two thousand dollars of funding from the Committee last
4 year for engineering and marketing plans. They do have a very solid site plan in place.
5 We had conversations with the applicant regarding their intent to apply for other
6 programs that they may be eligible for. The Staff recommended a partial award of two
7 hundred fifty thousand dollars to serve as a potential match for other grant and loan
8 funds.

9 DELEGATE KILGORE: Delegate Johnson spoke to me
10 about this.

11 SENATOR WAMPLER: And Senator Wampler.

12 DELEGATE KILGORE: You're here. Delegate Johnson is
13 in a trial today, and he couldn't be here. He did speak to me about this. The Town of
14 Damascus has done a great job with tourism, and they've done a good job with Trail
15 Days.

16 SENATOR WAMPLER: Who is here from the Town of
17 Damascus to speak on this one, anybody?

18 MR. JONES: I'm Cecil Jones, and I am the Mayor. I want
19 to thank the Committee for all you have done for us. Our plans are complete, and what
20 we need is some infrastructure so we can get some campers in there, and then we can
21 kind of help ourselves. This property was given to us, and we had forty-seven acres
22 there. We've built a bath house, and we've done some work. It's going to help not only
23 Damascus but the whole area. The Music Road comes through there, and if we can get
24 some money to get the infrastructure in, then we can start helping ourselves. We
25 appreciate anything you all could do for us.

26 SENATOR WAMPLER: Mayor, can you tell me what is a
27 convenience toilet?

28 MR. JONES: It's an outhouse. This is a project that is
29 really going to help us. Damascus helps tourism and helps the whole area, the Creeper
30 Trail. We appreciate anything.

31 SENATOR PUCKETT: Mayor, you made Johnny Woods
32 look real good, lunch with Johnny.

33 DELEGATE KILGORE: All right, the Historic Crab
34 Orchard Museum and Pioneer Park.

35 MR. PFOHL: This is a non-profit applicant, and they're
36 asking us to fund construction of the Farm Heritage and Event Center, which will be
37 across the street from the existing facilities of the Crab Orchard Museum. This
38 Committee has provided funding for expansion of the main facility in the amount of one
39 hundred thousand in FY03 and seventy-five thousand last year. Those funds are not yet
40 used for expansion of the museum and the main facility, although that project is ready to
41 go to bid for construction. On this specific request of the three hundred thousand, the
42 Farm Heritage and Event Center, the Staff is recommending an award of fifty thousand to
43 complete the project design phase.

1 DELEGATE KILGORE: Anyone here?

2 MS. WHITTED: I'll introduce myself, I'm Charlotte
3 Whitted, and I am the new Executive Director for the Museum. I appreciate very much
4 your past support of our work. I approve of the Staff recommendation that we move
5 forward with phase-one money. I wanted to give you a broader view, if the application
6 did not give you the full vision of what our Board has in mind. This is the architectural
7 rendering of this sixteen acres across the street from the current Museum, the facility.
8 The Museum Center is here, and this is nineteen, 460 and this is the undeveloped
9 property here across the road. Within three weeks we will be pouring the footing, that
10 building is across the river which will be developed hopefully for a restaurant. The Farm
11 Heritage Center is this piece right here. With that we are trying to provide a performance
12 based business space, and for what we hope will be turned into a 19th century village.
13 Right now our site has fourteen structures, some interpretation space for the 1800's.
14 There is plenty that happened after the turn of the century, and we'd like to bring that up
15 to the present day. We're looking to become a tourist destination, not just a regional
16 resource. I'll be glad to answer any questions.

17 DELEGATE KILGORE: Thank you. Lee County Coke
18 Oven Relocation and Restoration Project.

19 MR. PFOHL: The request was for fifteen thousand dollars
20 to assist in the relocation and restoration of the historic Coke Ovens in the Keokee
21 Community. The ovens are currently located on Penn Virginia property, and they are not
22 accessible to the public. They will be relocated to a site within the Keokee recreation
23 area in the George Washington/Jefferson National Forest. Total project cost is seventeen
24 thousand five hundred. The Staff comments are the project's economic impacts appear
25 limited, and there is little information on the proposed site, and the Staff recommends no
26 award.

27 MR. LONG: I've just got a couple of comments. This has
28 the historical value, and I wanted to be able to preserve them. We're trying to work with
29 Penn Virginia, trying to help us just go into the area so we can mow it and get access. We
30 were hoping if we did move we'd have a little potential to do that, but I understand your
31 Board's actions, and I accept them. Whatever you all feel is appropriate will be
32 appreciated.

33 DELEGATE KILGORE: We'll send a letter, you fought
34 hard for it.

35 MR. LONG: I appreciate that.

36 MR. MONTGOMERY: It seems to me that if they say, it
37 seems more historical and much less expensive. I know you have Penn Virginia, and
38 surely Penn Virginia would donate the land. They are right where they ought to be, and
39 to move those things brick by brick would be very expensive, and that will be a drop in
40 the bucket. I think it's a worthy cause, but it seems to me like it is maybe out of focus.

41 MR. LONG: It is a little bit, but that's why, once we filled
42 out the application, then I contacted Penn Virginia to see what they could do to help us.
43 They are in the process now of looking through all the legalities and making sure it is a

1 possibility that they could let us have that property. They are letting us borrow that
2 convenience center now, on the site now. We need to coordinate, and we wanted to
3 preserve our heritage, so that's what we're trying to do.

4 DELEGATE KILGORE: Tim, tell us about Constitutional
5 Oaks Phase 1-A Development. I know we've invested money in that already, as far as
6 helping them secure the land and the business park.

7 MR. PFOHL: This is a request from Lee County for four
8 hundred thousand to do preliminary Phase 1 development of the Constitutional Oaks
9 Business Park in western Lee County. This is a project the Commission has assisted in
10 previously with a total of three hundred seventy-five thousand dollars of grant funds to
11 purchase land to expand the park and to do master planning on the site. A completed
12 master plan is in place, and the request is to begin grading for access roads and site
13 preparation and installing water and sewer and paving. To also do soil and water,
14 wetlands mitigation, and so forth. The Staff recommends four hundred thousand dollars
15 for this project.

16 SENATOR WAMPLER: It seems to me you would be
17 aware of the Coalfield Authority, and the Board of Supervisors of Lee County would also
18 participate in this.

19 MR. LONG: Lee County IDA, yes, participating in that.
20 We have funding from VCETA. We have a master plan summary for you that I will give
21 to Tim, and you can get it later on and you paid for that, and it has been very helpful.
22 This is something we are very excited about, and this park will do really well for us. This
23 funding will get everything going and make it a unique site, one of the largest industrial
24 parks in Southwest Virginia, and it has a great potential.

25 DELEGATE KILGORE: All right, any questions?
26 Let's go to the next one.

27 MR. PFOHL: The Lenowisco Planning District
28 Commission is requesting thirty-two thousand five hundred to complete a regional virtual
29 data center. This is a concept that is modeled on the state virtual industrial building
30 program, which Lee County has recently been funded for to accomplish that. The
31 concept here is that a design would be developed that could be replicated in any location
32 within the Lenowisco Planning District Commission, and that they would attract a data
33 center project. This completes the design phase and shortens the period to get a building
34 actually constructed. This does not reflect construction funds, obviously, at this level, but
35 it completes the design process so that construction can be built immediately when a
36 prospect shows interest in locating a data center in the PDC region. Staff recommends a
37 full award of thirty-two thousand five hundred.

38 DELEGATE KILGORE: Any comments or questions? All
39 right.

40 Next is the Lincoln Theater.

41 MR. PFOHL: The request is by the non-profit applicant to
42 support half of the total production costs associated with a proposed new PBS series
43 featuring the Lincoln Theater. It will consist of eight concerts featuring old time and blue

1 grass performers and produced in conjunction with Blue Ridge Public Television and
2 distributed to PBS stations nationwide through the National Education
3 Telecommunications Association. The request is ninety-five thousand, which is half of
4 the production cost of one hundred ninety thousand. The Commission has previously
5 assisted the historic Lincoln Theater with some start-up operating funds of seventy-five
6 thousand. The first year programming has included some very prominent national acts.
7 The Staff felt this project is a far-reaching program in partnership that was envisioned in
8 the initial operating support, and we recommended a full award of ninety-five thousand.

9 SENATOR WAMPLER: The Chairman asked me to
10 handle this while he steps out of the room for a moment. There is a significant match
11 from the local community. This is a one-time non-reoccurring expense.

12 MR. PFOHL: The applicant says that it would be self-
13 supporting in its second year.

14 SENATOR WAMPLER: I would observe to the Committee
15 that this project is one that if it proves successful will be a role, not only for the Lincoln
16 Theater, but for others to follow. If you've been to the Lincoln Theater you will
17 understand that it's a great facility, but with old theaters you still have challenges on
18 trying to wire the joint and get the acoustics to a place where they can be suitable for
19 broadcast, either live or recordings. The possibilities are endless, because if you prove
20 there is a market people will come to it to a presentation such as this. You could have
21 live performance, and you could also have rebroadcast. Mr. Ellis has also contributed
22 part of his company's foundation money.

23 DELEGATE KILGORE: Delegate Carrico has called me
24 about five times on this.

25 MR. FLANNERY: Mr. Chairman, I spoke to the Chairman
26 of the Crooked Road, and I don't want to pick projects, but I want to confirm that the
27 dialogue and the business of the Lincoln Theater, we're real impressed, and we see that as
28 a great performance venue. I just want you to know we have had a lot of discussion
29 about it, and we think it is a great project.

30 SENATOR WAMPLER: Let the record reflect any
31 inaccuracies on my part concerning the Lincoln Theater.

32 DELEGATE KILGORE: Lonesome Pine Arts and Crafts.

33 MR. PFOHL: This project was in front of the Committee
34 last year, and the request is three hundred thousand by the non-profit applicant to
35 complete the construction of a multi-functional building in Big Stone Gap. The building
36 foundation is in place, judging by photos that were attached to the application. Funds are
37 requested for architectural fees and equipment for the center. The center will hold
38 historical and educational exhibits and serve as a place for events such as reunions,
39 receptions, seminars, cultural functions, musical presentations and other forms of
40 community events and meetings. This is a community-based project. The Staff felt that
41 this facility will primarily serve the local community and that Commission funds are best
42 directed at the tourists and destinations such as the outdoor drama at Big Stone Gap,
43 which the Commission has previously assisted with funding of one hundred and five

1 thousand to improve their facility. We feel our attention is best focused on that tourism
2 that is generated, and the Staff recommends no award for this particular project.

3 DELEGATE KILGORE: Is someone here from Lonesome
4 Pine Arts and Crafts?

5 All right, Town of Marion.

6 MR. PFOHL: The Marion Water Treatment System
7 Improvement is a one hundred forty-four thousand six hundred twelve-dollar request. It
8 is to provide an additional sedimentation basin for an upgrade of the Marion water
9 treatment plant. The request is in front of us because the town had initially negotiated
10 with the property owner to gain access to a spring, and those negotiations were not
11 successful. The addition of the sedimentation basin will accomplish the capacity
12 expansion for water treatment that the town is looking for. Total project cost is 1.8
13 million dollars, so we feel that there are some residential benefits to this. There are
14 substantial industrial and commercial benefits to this project. The project is leveraged to
15 cover any residential services provided, so the Staff recommended full funding.

16 DELEGATE KILGORE: Any questions from the Town of
17 Marion?

18 MR. MONTGOMERY: How do you feel it will be
19 substantially creating jobs, specifically?

20 MR. PFOHL: We have a number of employers that are
21 served by this system, and specifically some people that have been in the TROF
22 recipients that haven't been able to expand in their facilities, in part because of water
23 service from the Town of Marion, and the Town Manager may be able to address that
24 better than I can.

25 DELEGATE KILGORE: Is it a capacity problem?

26 MR. CLARK: No, it's not a capacity problem. The
27 problem is it is an old plant built in 1969, and the last upgrade was '85. I'm John Clark,
28 Town Manager of Marion. The problem is that it is old and outdated and it needs to be
29 replaced.

30 MR. JEFF: A lot of the equipment is outdated, and we can't
31 get repair parts for it. This sedimentation basin runs half in three months. We've got to
32 have reasonable quantities of safe drinking water for our customers.

33 MR. CLARK: The top ten users, three of them are
34 industries, and we have two letters of support from General Dynamics and Royal
35 Molding. The top users are the State Park, economic development and tourism, and our
36 hospitals. Interestingly enough, even though it is not a regional project, Smyth County is
37 the largest water customer, and that's three and a half million gallons to them a month.

38 SENATOR WAMPLER: Is it safe to say your system is
39 tired?

40 MR. CLARK: That is right. It just needs to be updated,
41 and we're having problems with parts and other things with it.

42 SENATOR WAMPLER: Do you still have the gauges in
43 the office where you monitor it hourly, where the flows are, and that sort of thing?

1 MR. CLARK: I think that was moved before my time,
2 maybe it was '85, but I remember the one you talked about in the Town Manager's Office.
3 I had a speech here, but I'd say that we endorse your recommendation.

4 DELEGATE KILGORE: Meadowview First, Incorporated.

5 MR. PFOHL: This non-profit applicant is requesting six
6 hundred thousand to construct the second floor in the Meadowview Community Center
7 Health Clinic. The floor would contain a community services section in the Center that
8 would be used for adult literacy classes, English as a second language, computer
9 technology and tutoring, technology-based family literacy and after school programs and
10 tutoring for youth. The total project cost is 1.8 million. The project appears to be a
11 social services community center with an array of interests, and this really isn't consistent
12 with the Long Range Plan. An FY03 Education Grant has already assisted with site
13 acquisition and clearance for seventy thousand. Commission assistance would be better
14 targeted at some of the programs eligible for Education funding and be offered at a site
15 such as GED and tech exams and the cost of constructing the health center. The Staff
16 recommends no award.

17 MR. STANLEY: My name is Cal Stanley. I'm a Board
18 member of Meadowview First, Incorporated. About a month ago we received word from
19 the Virginia Department of Housing and Community Development that we had been
20 awarded a hundred thousand dollars to develop this facility and that award was
21 contingent upon receiving a substantial commitment from other funders. We were told
22 the contract negotiations last week that without a major commitment from the Tobacco
23 Commission this project would break down. The long-term economic impact for this is,
24 in addition to the services that would be housed on the second floor of the building,
25 would be the offices of the migrant health network that will have field representatives
26 throughout Southwest Virginia working with the Hispanic workers. Consultants have
27 told us that in order to ensure economic development in the eastern Washington County
28 area we needed some anchor or some facility that would bring traffic into this area. We
29 anticipate that initially eight to nine full-time professionals will be employed in this
30 facility, with two part-time positions.

31 SENATOR WAMPLER: Delegate Johnson and I are
32 concerned about the total grant and the inaction of the Commission and what it may do. I
33 think your center is one of the reasons I made the comment I did. We have to determine
34 what the proper role of this Commission is. I don't want you to get defensive with me,
35 but who is it at HCD that said the Tobacco Commission had to fund or the project would
36 go away? I'm not sure that is the proper leverage that they should apply to us. We should
37 not be the ones to say that if the Tobacco Commission doesn't do it the project is not
38 going to go forward. We have a very difficult time going through all of these
39 applications, and I'd say all of them have merit, and it is just a mathematical exercise
40 trying to determine this. We can talk about it later, but that concerns me, when other
41 Federal or state agencies say the Tobacco Commission has to fund it. I thought we had
42 broken them of that, but I guess not. How much architectural engineering costs is there
43 in this 1.8 million?

1 MR. STANLEY: Right at one hundred thousand.

2 MR. CURRIN: Any other state or federal partners come to
3 mind that could possibly leverage what the Housing and Development people are saying?

4 MR. PFOHL: I think the applicant has done a good job
5 going to other sources for funding, such as USDA and DHCD and private funding, so I
6 think they've covered their bases well. I think it boils down to more of an issue of this
7 type of project that the Commission should be focusing on. Ms. Griffith was in a meeting
8 with the HCD last week, what did you hear?

9 MS. GRIFFITH: It is my understanding that DHCD, their
10 money is invested in the health clinic, which is the downstairs portion. The way I
11 understand it, the health center can still be built. Our money would affect whether or not
12 the second floor would be built.

13 DELEGATE KILGORE: The six hundred thousand dollars
14 is about one fifth of what we have here today. If it was a whole regional project, I'd be
15 right on board.

16 MR. STANLEY: I will say this, that there is an enormous
17 amount of community support for this. The Board of Directors of this have been in
18 negotiation with the U. S. Department of Agriculture and the Rural Development
19 Program. We are in the process of securing loans, and this is not a loan to the county, and
20 it is not a loan to any organization. It's a loan we're assuming personal responsibility for
21 as leaders. I think that says something for the community's vision for what it can
22 achieve.

23 DELEGATE KILGORE: The second floor is going to be
24 adult literacy, English as a second language, computer technology, things of that nature.
25 It looks to me that maybe the Tobacco Commission may be able to help, particularly the
26 Education Sub-Committee.

27 SENATOR PUCKETT: We don't have any money to give.

28 MR. MONTGOMERY: It gets back to the fact that if we
29 don't have firm guidelines. How many communities do we have in the tobacco region
30 with thirty-four counties?

31 MR. CURRIN: Thirty-four counties and seven hundred
32 cities. From the Staff's perspective, I appreciate what Senator Wampler said. You're
33 asking us, the Staff, to establish a protocol, and we have three million dollars a year and
34 9.3 million dollars of requests. As Senator Wampler said, it is an exercise in
35 mathematics. All these projects are great, but our task is economic revitalization.

36 MR. STANLEY: I think this plays a part in helping
37 communities grow where people will want to live. We have been providing a health care
38 clinic there, a mobile health care clinic, one day a month for the past two years. We're
39 drawing people to that clinic as far away as Johnson City and as far away as Wytheville.
40 We think it will have a larger regional impact as far as health care.

41 SENATOR WAMPLER: What I would like to do, maybe
42 make another pass at trying to come up with some money, but I'm not sure that we can do
43 it, extract from the application how much money could be allocated toward that. Maybe

1 Tim can take a pass at it while we talk about some others.

2 DELEGATE KILGORE: All right. Mount Rogers
3 Planning District Commission. Staff has recommended this go to Special Projects
4 because it is a regional program. Is that correct?

5 MR. PFOHL: Yes, the request for seven hundred thousand,
6 in addition to being regional in nature, is somewhat of a parallel to the financing provided
7 by People, Inc. that was mentioned earlier. That's a program that was funded from our
8 Special Projects Committee, and the Staff felt that Committee should be allowed to
9 consider if they want to get involved with a second regional program revolving loan
10 program in Southwest Virginia. Certainly there are some good figures provided by the
11 applicant, and shows the impact of these lending programs over the years. Staff
12 recommends this be referred to Special Projects.

13 MR. MONTGOMERY: I'll make the motion we do that.

14 SENATOR WAMPLER: I'll second it.

15 DELEGATE KILGORE: All in favor, aye? (Ayes.)

16 All right, the next one is Mountain Empire Regional Business Incubator.

17 MR. PFOHL: A non-profit applicant. The Pioneer Center
18 is asking for video conferencing equipment, and the request is twenty-five thousand. It
19 would allow the incubator to participate in video conferencing with other incubators that
20 are part of the Mountain South Incubator Alliance. It includes six incubators, three in
21 Southwest, Mountain Empire, the Richlands, and the Cumberland Plateau E-Business
22 Village. Two in Northeastern Tennessee and one in North Carolina. This is the only
23 incubator in the network that does not have video conferencing equipment. The Staff at
24 Mountain Empire has provided us a pretty lengthy list of additional training that would
25 be available. It is something they could offer to one or two participants at a time and
26 something that would not be feasible to bring in a trainer for. They could take a day
27 using video conferencing and training from another location. There was previous
28 funding in FY01, thirty thousand for start-up operations and another award a couple of
29 years ago for some additional interior renovations, and that was thirty thousand. This is a
30 facility the Commission has supported twice in the past. The Staff recommends a full
31 award here of twenty-five thousand.

32 DELEGATE KILGORE: Any questions?

33 All right, the National Council for the Traditional Arts, Blue Ridge Music
34 Center.

35 MR. PFOHL: This is a non-profit national organization,
36 which will be the operator of the Blue Ridge Music Center on the Blue Ridge Parkway
37 near Galax. The request is for three hundred thousand for phase three, which will consist
38 of design, fabrication and installation of interactive permanent exhibits to be housed in
39 the music interpretive center and for start-up costs for the staffing, services and
40 equipment necessary for the facility to operate during its first full year of operation. The
41 Blue Ridge Music Center is a fourteen million dollar complex. It is a major venue on the
42 Crooked Road Music Trail. Annual attendance is projected to be a hundred thousand
43 visitors, and funds will serve as critical mass to an improved ARC grant of five hundred

1 thousand dollars. Staff recommends full award of three hundred thousand.

2 DELEGATE KILGORE: ARC has already approved five
3 hundred thousand?

4 MR. PFOHL: Yes, that's my understanding.

5 DELEGATE KILGORE: Anyone have any questions?

6 SENATOR WAMPLER: I don't have a question, but I have
7 a comment. Probably should go to Special Projects, although I won't make that motion.
8 We can probably fund it out of here. There is a program that has something regional in
9 scope, out of all these applications this probably would be the one that would fit. I don't
10 want to put anyone in trouble and send them somewhere else. But this is the type of
11 project that really ought to be funded out of Special Projects. I suspect twelve or
12 eighteen months from now when we take another bite at the apple we will have a host of
13 attractions that we will be developing. We're probably going to pass on the Lonesome
14 Pine today, but it doesn't mean twelve months from now we won't come back with a
15 superior application for them. This project has all kinds of merit. The scales toward
16 Galax are pretty heavily laden right now. They have been the recipient of a lot of dollars
17 from us in the past couple of years.

18 DELEGATE KILGORE: Any other questions?

19 MR. FLANNERY: Joe Wilson here is Chairman of the
20 National Council for Traditional Arts. He is a fellow Crooked Road ambassador. I just
21 want to say that, with regard to wherever you find the money, I think it is a moot point for
22 this project. It is a major performance venue on the Crooked Road, and it is very
23 important.

24 MR. MONTGOMERY: I'd like to make a motion to refer it
25 to Special Projects. Ninety percent of the tobacco is in four counties, like Washington,
26 Russell, Scott and Lee, and we're talking about a periphery here, and Wise County, for
27 instance, had ten thousand pounds of tobacco. I think this is a great Special Projects
28 program.

29 DELEGATE KILGORE: Do you have a modification to
30 that?

31 SENATOR WAMPLER: I'd ask Mr. Montgomery if he
32 would consider this a friendly amendment to his motion.

33 MR. MONTGOMERY: I doubt it.

34 SENATOR WAMPLER: Another project in here that is of
35 a time-sensitive nature, and that is to create a certain number of jobs in a locality that
36 actually has to take place at this meeting or lose that employer. Typically we'd go to
37 Special Projects to do that one, and I think that project is so important we ought to fund it
38 out of Southwest, but when we take it to Special Projects and see if we can have that. I
39 would suggest perhaps that is what we do with this project, that we make a commitment
40 to fund it, but we would appeal to the Special Projects Committee, because it has
41 significant weight on a regional basis. It doesn't help us in the mathematical exercise
42 today, but --

43 MR. MONTGOMERY: -- That's fine.

1 SENATOR WAMPLER: I would suggest that we do that.
2 DELEGATE KILGORE: Let's wait, and we'll pull that one
3 out of the block until we get to it.

4 MR. PFOHL: Mr. Chairman, one other point that may help
5 us in our deliberation on this one. I think the request of three hundred thousand is split
6 roughly in half with a hundred fifty thousand for the exhibit fabrication and a hundred
7 fifty thousand for staffing and operating expenses. My understanding is that the ARC
8 grant is for the exhibits and requires a match. An option here is for this Committee to
9 support the exhibit fabrication at a hundred and fifty thousand. Maybe Mr. Wilson can
10 elaborate on that, whether that would be a feasible approach here, refer the operating side
11 over to Special Projects.

12 SENATOR WAMPLER: I would prefer to reverse that. I
13 don't want to talk to the balance of my Special Projects Committee members on operating
14 dollars. I would rather us bite that one and have a non-reoccurring capital expense.

15 MR. PFOHL: I will defer to the Committee Chairman on
16 that.

17 DELEGATE KILGORE: We'll come back to it.

18 MR. WILSON: Can I invite everyone to come to the
19 opening of the Blue Ridge Music Center, July 16th? There will be some temporary
20 exhibits in there of a hometown hero. It will be at 11:00 in the morning. Senator Warner
21 may be there, and Congressman Boucher may be there, and a host of others.

22 DELEGATE KILGORE: All right, the next one. City of
23 Norton.

24 MR. PFOHL: City of Norton, Storm Drainage
25 Improvement Project. The request is for two hundred thousand. That is part of an overall
26 2.8 million-dollar sewer project in the City of Norton. Substantial flooding problems in
27 the city's central business district have affected businesses, including the AT&T Relay
28 Center and the Mountain Empire Business Incubator at Hotel Norton. This is a highly
29 leveraged project. There are enough matching funds to balance that out, and we feel like
30 two hundred thousand dollars to help protect jobs in the Norton business district,
31 including technology-based jobs. Staff recommends full award of two hundred thousand
32 dollars.

33 SENATOR WAMPLER: What is magic about two hundred
34 thousand? Is that formula-driven, or is that a mathematical exercise?

35 MR. PFOHL: That is the balance, I think, when you deduct
36 the USDA Rural Development Loan from the total project cost. Nothing magical about
37 it.

38 DELEGATE KILGORE: What is magic about the two
39 hundred thousand, Ron?

40 MR. FLANNERY: We look for the city to do that, and I'll
41 admit I'm sensitive to Mr. Montgomery's statement about the tobacco allowance. He
42 suggested this was a modest request for the total project costs. It is clearly a solid project
43 driven by business interests. So, it is basically just an attempt to write down the debt

1 service. This is a major utility project that will generate zero income. It's not like water
2 and sewer and storm sewer. There is a great deal of sensitivity to the fact that
3 appropriately places its dominant interest in the more tobacco-dependent entities. That is
4 basically what we advised the city.

5 MR. MONTGOMERY: Then how do you consider it a
6 regional project, Mr. Flannery? I know you're big on regionalism. You say you're
7 sensitive to my comments. How do you square that with Wise County getting a
8 disproportional interest in tobacco money? I think Wise County has ten thousand pounds
9 of tobacco.

10 MR. FLANNERY: There is sensitivity to that in that a
11 good percentage of the employees at AOL Relay Center are Scott and Lee County
12 residents, as well as a major portion of the logistical care. There is a big slug of tobacco
13 residents who live and work in the City of Norton. It is a regional employment center. I
14 hope that answers your question.

15 DELEGATE KILGORE: Thank you, Ron.
16 Town of Pennington Gap.

17 MR. PFOHL: This is a request for one hundred fifty-eight
18 thousand two hundred, which will be a second round of funding. The Commission
19 assisted this project in FY03 with a grant of two hundred thousand initially to purchase a
20 former hardware store, and this Committee approved changing that previous grant to
21 acquisition and initial renovation to the former Lee Theater. The current request is to
22 continue the interior improvements on the Lee Theater building. The former grant would
23 be obligated for roof replacement. The funds have not been drawn down, but the
24 building has been acquired, and roof replacement is being planned. The '03 funds will be
25 used shortly. This is a project that will fall ultimately into that community center
26 category, and based on the previous assistance, the Staff recommends no additional award
27 at this time.

28 DELEGATE KILGORE: Can you wait on dollars from the
29 Tobacco Commission?

30 MR. SMITH: I'm Mark Smith, Town Manager for
31 Pennington Gap. I'm not known as a man of big words, maybe a big mouth, and we
32 appreciate what the Board has done for us in the past. I don't know if everyone here has
33 been to Pennington Gap, but we've had a downtown revitalization project, and this has
34 gone on for a couple of years, and we are still into it. This Lee Theater is like the cherry
35 on top of the cake, and I think it is going to be the attraction for the whole downtown
36 area. No offense to Mr. Long, but Wal-Mart coming out of town, we need everything we
37 can get. Anything we can have to attract people for tourism will be great.

38 DELEGATE KILGORE: You have not drawn down the
39 two hundred thousand total, yet?

40 MR. SMITH: We have to put in our reimbursement request
41 for about a hundred thousand. We're getting ready to do the roof, and I would say by fall
42 we will be ready to move on it.

43 DELEGATE KILGORE: This is for last year, and then

1 we'll have a new round next year. I think this is a good project.

2 MR. CURRIN: Mr. Chairman, speaking for the Staff, we're
3 very impressed. We've been to the site, and it has a great deal of value, but because of the
4 balance we have to have and all the applications this round, we just have fewer dollars,
5 and trying to prioritize. I'm just trying to let you know from the Staff's perspective,
6 certainly very supportive.

7 MR. MONTGOMERY: I think this is more than a
8 community center, it's a regional center for Lee and Scott and Wise. It is twenty miles
9 from Big Stone Gap and twenty miles from Duffield. It is an economic center in Lee
10 County.

11 DELEGATE KILGORE: We may be able to parlay this
12 into live from the Lee Theater, like live from the Lincoln Theater.

13 MR. MONTGOMERY: We don't mean to copy the Lincoln
14 Theater, but it gives us a good model to look at. But it's going to be on the order of the
15 Lincoln Theater.

16 DELEGATE KILGORE: I'm not saying we're not going to
17 fund it, I'm just saying once we draw down this money that's okay.

18 MR. FIELDS: You folks are drawing down the money now
19 in '03. When will that be drawn down, the '03 money?

20 MR. SMITH: What took us so long is that we found out
21 what it would take to get it up to the structural standards. It took us a long time to get
22 started, no doubt about that. We bought the building, and we're getting the roof on.
23 We've got some environmental reviews, architectural reports. I predict by the fall of this
24 year we'll have that spent. I have the engineer here, too.

25 MR. MONTGOMERY: How many square feet do you
26 think you can put in there eventually to utilize it? What are the dimensions of the
27 building?

28 MR. SMITH: It's about sixty feet wide and a hundred and
29 fifty long. The bottom is as big as the top. We want to do the theater and bring it back to
30 life for performing arts. I'd like to have the Tobacco Commission come down to Lee
31 County, we really don't have a place big enough now.

32 DELEGATE KILGORE: I've been trying to get them
33 there.

34 MR. MONTGOMERY: One of the main strengths of this
35 project is three to five hundred meeting area, probably a community kitchen or a
36 commercial kitchen, you can have a nice dinner. We don't have anything like that in Lee
37 County.

38 MR. SMITH: Our intention is to get this thing under way.

39 MR. FLANNERY: This is a great project, and the town has
40 done an outstanding job with the downtown revitalization. The delay in drawing down
41 the earlier grant was, I don't think they should be penalized for this. Lee County is a
42 partner in the Crooked Road, and we want a performance venue and a facility like this.
43 I'm sure the people from Norton and Wise will be excited to come down to this area. It's

1 a great project, and I agree with Mr. Fields and Mr. Montgomery. I didn't want to let that
2 opportunity pass me by. It's a great project.

3 MR. SMITH: With this downtown revitalization project
4 we will be able to approach the business side, we'll have sidewalks. On the north side,
5 the theater sits on the south side, we've had some people invest their own money to
6 improve the whole south side. So, when you go down the center of Pennington Gap
7 you'll have new sidewalks and street lights and have a very nice avenue type of effect and
8 be able to walk all the way through downtown. The theater sits right there as a focal
9 point. They have invested, not only for the theater, but for the rest of the businesses on
10 the south side of the street. There is a concern about waiting.

11 SENATOR WAMPLER: I don't know what the balance of
12 the project is. What is a hundred percent of completion in terms of cost? What is the
13 master plan?

14 MR. SMITH: We talked earlier about the fact that there are
15 a lot of things that come up that you're not aware of, just like the Lincoln Theater they
16 talked about wiring and so forth. One of the big components of this is to get this theater
17 underway.

18 SENATOR WAMPLER: I like the project, and it is two
19 blocks from where my father was born.

20 DELEGATE KILGORE: I knew you'd work that in.

21 SENATOR WAMPLER: The house is torn down now, but
22 we want to help, and we want to do it right. I don't know what the magnitude or scope of
23 the project is, that's what concerns me.

24 MR. MONTGOMERY: If you had the money, what would
25 you use it for?

26 MR. SMITH: There is a big gaping whole in the back; I'm
27 talking the land around it, not the building. There is a parking lot that is private and that
28 we want to go back and put storm drainage in and provide ample parking space on the
29 backside of the building, for one. We've got to do some landscaping, new bathrooms,
30 kitchen, and so forth.

31 DELEGATE KILGORE: I think I support it, and I think
32 Senator Wampler supports it, and Ronnie supports it, and Fred. What we would like to
33 do is go ahead and fix the roof and do the things you need to do. We're going to have a
34 meeting in the fall, and we'll have some more dollars, and we want to come back and see
35 that you've spent this money. Sarah knows where it is, and she can run down there and
36 check on it. I think you've got our support.

37 MR. SMITH: In the fall?

38 DELEGATE KILGORE: You didn't hear no from me.

39 MR. SMITH: I hope I don't upset anyone, and I appreciate
40 what you've all done.

41 DELEGATE KILGORE: Ken Long supports you because
42 he supported Wal-Mart. Thank you, Mark.

43 Next is the Saltville Foundation.

1 MR. PFOHL: This is a non-profit applicant requesting a
2 hundred thousand dollars for exhibit development at the Museum of the Middle
3 Appalachia, and they call it Project Mammoth. This is a facility the Commission has
4 supported previously, FY04 funds of one hundred twenty-five thousand dollars to acquire
5 the building adjacent to their existing facility. The current request is one hundred
6 thousand that would allow the development of the exhibits for that space in the building
7 that was acquired with Commission funds. It will basically enhance five existing exhibits
8 and five new exhibits. The applicant provided information that they attract twelve
9 thousand visitors annually to this facility, and they expect a net increase of fifty percent
10 after expansion. Based on that, the Staff recommends a full award of one hundred
11 thousand.

12 MS. COX: My name is Kitty Cox, and I am a member of
13 the Board of Trustees. I'd like to say thank you for helping us with that building. As a
14 result of your work, I want to tell you what happened. We were renting the building that
15 we were in, and we needed double space. The gentleman that owned the building that we
16 are presently in and the building next door, he donated this building to us, and we no
17 longer have to rent, thanks to you. You've done a lot of good for us.

18 DELEGATE KILGORE: Sounds like you're doing a great
19 job.

20 MS. COX: Thank you. We raised a small amount of
21 money for a grant that we anticipated to do some renovations to the building. With this
22 hundred thousand we can really go forward.

23 DELEGATE KILGORE: What if you got seventy-five
24 thousand?

25 MS. COX: It would help, but we're anticipating getting a
26 grant for a hundred and fifty, if we can raise that, we're trying.

27 DELEGATE KILGORE: All right, thank you.

28 Town of Saltville, Saltville Conference Center.

29 MR. PFOHL: This is a request that was before the
30 Committee before, requesting for one hundred fifty thousand dollars. Since you first
31 heard this request last fall the application completed a business plan for this project
32 which would add a second floor to the existing golf clubhouse in the Town of Saltville to
33 allow meeting space that could host groups up to a hundred people and provide catered
34 meals. The Staff's concern focused on a couple of issues. This is primarily a community
35 center type project. The business plan showed a modest economic impact, and that is
36 based on an assumption of a hundred percent debt-free construction. The economic
37 impact is in the magnitude of a few thousand dollars per year net revenue. We felt we
38 had enough concerns, so the Staff recommended no award.

39 DELEGATE KILGORE: Any questions?

40 MS. MITCHELL: I'm Tracey Mitchell, the Economic
41 Development Director for the Town of Saltville. The town is very thankful for the
42 support you have given to the Museum, and that has been so successful and has drawn
43 tourists and groups of people into the Town of Saltville. The Museum draws a lot of

1 groups of tourists that are interested in educational activities, archaeological scientific
2 groups. We have a group, then, that is very much oriented to conferences. Currently
3 those groups aren't even able to eat a meal in Saltville, let alone holding a meeting; we
4 don't even have a restaurant. We're very thankful to the town that we do have the
5 Museum. Most of the small businesses in the town are not reaping the benefits of the
6 number of tourists that come to Saltville. With this conference center what we believe it
7 will do is that it does show a very modest impact in terms of its own business plan. Our
8 goal is not for the conference center to produce profit, but our goal is to have the
9 conference center there so that other small businesses in town can earn a profit off of the
10 tourists coming to the town, and that's the main thrust of this. We feel it is an appropriate
11 way for the town to get involved in the resources for these small businesses so they can
12 expand their income and economic impact to the town.

13 DELEGATE KILGORE: Any questions?

14 Scott County EDA Authority, the eCorridor Park.

15 MR. PFOHL: The eCorridor Park-Southwest Expansion
16 Master Plan is a request for fifty thousand dollars to do a site master plan for a sixty-acre
17 expansion of the eCorridor Park in Duffield. This is a project previously supported on
18 the existing park, and this is sixty-five acres which was expanded and graded with 1.67
19 million dollars of Commission funds from FY03. The planning stage for the additional
20 park acreage is a reasonable request for a site that is one of the primary job creating sites
21 in Southwest Virginia. There are several TROF announcements in that park recently, and
22 the Staff recommended a full award of fifty thousand dollars.

23 DELEGATE KILGORE: Will that create a hundred jobs?

24 MR. FLANNERY: Five or six hundred in the past year and
25 a half.

26 DELEGATE KILGORE: All right, Scott County EDA.

27 MR. PFOHL: Let me refer you to an applicant that was
28 submitted recently and it is in your packet, Scott County Economic Development
29 Authority, the MERBI prospect. The text document that is in your blue packet, that is the
30 information, as well as a copy of the request. The Executive Director accepted on July
31 5th that they are calling this the MERBI Prospect, and that is an acronym for Mountain
32 Empire Regional Business Incubator. This is a request for one hundred eighty-five
33 thousand to make interior improvements on eight thousand square feet in the Mountain
34 Empire Incubator in Duffield. The improvements would enable the location of a business
35 prospect that is currently negotiating a three-year lease for the space. This technology-
36 based business would create one hundred new jobs, including a million dollars of taxable
37 equipment and assets to the site. This is a publicly owned business incubator that the
38 Commission supported previously with two thirty thousand-dollar grants for operations
39 and building renovation. This is an immediate job-creating project, assuming successful
40 negotiations with this prospect. The fact that improvements are being made on a publicly
41 owned facility, the regional business incubator, Staff recommends a full award of one
42 hundred eighty-five thousand to assist in the creation of these technology-based jobs.

43 SENATOR WAMPLER: This is the project that has to

1 have immediate action if we are to close a deal with this prospect. I hope we can find the
2 other seed capital from Special Projects. We are the only bank open today to make a
3 decision. This has a sense of urgency about it and goes directly to our statutory charge of
4 creating jobs. With all due respect to all the great applications we have pending here
5 today, this particular one, I would think, would take priority over all the others; not only
6 is it the right thing to do, but it is required by law if we have a chance to improve the
7 economy and create jobs.

8 MR. MONTGOMERY: Where are the jobs going to be at?

9 DELEGATE KILGORE: In the center itself. There are
10 some requirements that the company has.

11 MR. FLANNERY: Mr. Chairman, we had a successful
12 meeting with John Kilgore, who was the primary point of contact on this. I think the job
13 count would run up to about two hundred. It is rather urgent, and we need to deal with it
14 sooner rather than later. We didn't have a handshake on the deal yet, because there are
15 still some details that need to be worked out. It was a lead generated from Congressman
16 Boucher.

17 SENATOR PUCKETT: I move we approve the Staff
18 recommendation.

19 MR. FIELDS: Second.

20 DELEGATE KILGORE: This is one of those projects that
21 is a positive for us, and we have to step up to the plate and fund this. So, the motion
22 would be to approve it but also ask that Special Projects reimburse Southwest Economic
23 Development Committee for this.

24 All in favor say aye? (Ayes.) Opposed? (No response.)

25 All right, now, Scott County Public Service Authority, Natural Tunnel
26 State Park Water Extension.

27 MR. PFOHL: This is a two hundred fifty thousand-dollar
28 request to extend public water and sewer into the park. It will serve current facilities but
29 will allow the addition of fifty campsites and twelve two-bedroom cabins that will be
30 built. The park is currently without adequate fire protection. This will provide drinking
31 water for the new campsites and cabin sites and provide fire protection in the park. It is a
32 1.7 million-dollar project.

33 DELEGATE KILGORE: The Governor has approved it
34 through a grant a couple of weeks ago.

35 MR. PFOHL: Six hundred eight thousand was approved
36 by the Virginia Department of Housing and Community Development Block Grant
37 Program. The Staff feels this project will protect the public investment in the park but
38 allow the expansion of the facilities and the economic impact from the park. It is well
39 leveraged with other appropriate funding sources for a water project. The Staff
40 recommends a full award of two hundred fifty thousand.

41 DELEGATE KILGORE: We have a member of the PSA
42 here. Any questions about the project? I know they have been working hard on this
43 project for a couple of years now.

1 MR. FIELDS: There has never been a time that, I'm not
2 against this project, and we need these projects and water. When we started the Tobacco
3 Commission the first priority for a lot of our counties, certainly the most important of all.
4 State parks are kind of like public schools, what is the state doing with this?

5 DELEGATE KILGORE: We funded or borrowed some
6 money on this through the voter-approved bond referendum.

7 MR. FLANNERY: The answer to the question is that the
8 state has donated a line of a hundred thousand dollars available and also put in cash of a
9 hundred thousand on the project. If you look at a cashflow analysis, and that's the
10 economic development piece of it, this allows them to expand and have cabins and
11 generate additional interest in the park. We went through a cashflow analysis, and you
12 can only absorb so much debt service, and we had discussions with the Tobacco
13 Commission Staff; this was an attempt to write down the debt service for the project. On
14 a rather large project, two hundred fifty thousand is a lot of money, but it is a small piece,
15 but it is needed to make the project work.

16 MR. FIELDS: I understand it is a big investment.

17 DELEGATE KILGORE: It is a substantial investment.

18 MR. MONTGOMERY: Mr. Chairman, about the Cove
19 Ridge Center and this whole area. They have various committees there that developed
20 the idea of all the way down to Cumberland Gap through Scott and Lee Counties. It is
21 starting to see a lot of tourism come in. We originally put a little money in that
22 Interpretive Center in Virginia right near where the cave is there.

23 DELEGATE KILGORE: You need to go by and see the
24 blockhouse located on the grounds of the Natural Tunnel State Park.

25 MR. MONTGOMERY: I think, too, Your Honor

26 --

27 DELEGATE KILGORE: -- I'll take it. I'm ready for it.

28 MR. MONTGOMERY: I think this idea of an RV Center
29 and water and sewer, campers can come in, and it is amazing, I didn't realize that, and I
30 am not an RV person. There are a lot of people that have those and come through here
31 and spend a lot of money, and they are interested in the area. A friend of mine just
32 bought one for two hundred thousand.

33 MR. HERRING: I'm Joe Herring. The addition to the
34 cabins is going to be a great deal for us. There are people waiting to get there right now.
35 It is a real good opportunity for all of us. I want to thank you all for your past
36 considerations, and we appreciate it.

37 MR. KILGORE: I'm John Kilgore, and I want to extend an
38 invitation to all of you to visit us at the facility when you can do that.

39 MR. FLANNERY: We hope to have our water improved
40 then.

41 DELEGATE KILGORE: Smyth County Chamber of
42 Commerce, H.L.O. Bonham Regional Development and Tourism Center.

43 MR. PFOHL: This is a request from the Chamber of

1 Commerce for one hundred fifty-four thousand two hundred thirty-four to complete
2 construction of the H. L. Bonham Regional Development and Tourism Center. It is
3 located adjacent to Interstate 81, Exit 35, in Smyth County. It is a historic home being
4 renovated at the visitor center and will be certified by the State Tourism Corporation and
5 will help direct visitors to destinations in Southwest Virginia. We felt that out of a total
6 project cost of nine hundred thousand it was a well-leveraged request, and they have
7 covered their bases as far as operating expenses and certification from the State Tourism
8 Corporation. Staff recommended full award.

9 SENATOR WAMPLER: For those in the audience that
10 think sometimes we send you away, these folks have been after it for three or four years.
11 We have asked them to go back and work on the various components of it. They have
12 leveraged it up, and they have politicked, and they have addressed the items that need to
13 be addressed. Is anyone here from the Foundation? I think we understand the
14 application.

15 MS. GEIGER: I'm Andy Geiger and the Chairperson, and
16 we appreciate everything you have done for us.

17 MR. MONTGOMERY: How many jobs do you think this
18 will create?

19 MS. GEIGER: Now we might need Jody Arnold.

20 MS. ARNOLD: One of our employees will remain there.
21 There will be at least a couple of people in the visitor's center, and economic value will
22 increase, we think.

23 MR. MONTGOMERY: You have not done a pro forma
24 about how many jobs you think this will create?

25 MS. ARNOLD: As far as who would be employed at the
26 center?

27 SENATOR WAMPLER: I think what we're trying to focus
28 on is, you have an office in Marion. This facility, people will get off at Exit 35 and
29 coordinate the destination and attractions, and I think that's where Mr. Montgomery is
30 trying to get to.

31 MS. ARNOLD: Right, our purpose there is to assist the
32 visitors that get off of Interstate 81 with all the destinations in the county and have
33 information available for them and encourage them to visit our destinations in the area.

34 MR. CLARK: There are three towns in the county, all
35 three towns have bought into this along with the county. I think this is of great economic
36 value to us.

37 SENATOR WAMPLER: Anytime you get towns and
38 counties working together, that is a pretty good indication.

39 DELEGATE KILGORE: Smyth County School Board,
40 21st Century Careers Program.

41 MR. PFOHL: This is a request submitted to the
42 Commission's Education Committee in a previous fiscal year, and it has come back
43 focused on a couple of elements in the original application request. The request is for

1 two hundred twenty-three thousand ten dollars. It will allow the acquisition of robotic
2 welding and training equipment for the career center. There is a need for approximately
3 forty welders, as demonstrated by letters from existing employers, as well as the
4 surrounding counties. This will provide state of the art welding training, folks that can
5 step immediately into employment.

6 DELEGATE KILGORE: They have an immediate need for
7 these folks, they can't get welders fast enough.

8 MR. PFOHL: Some basic welding training is offered at the
9 Smyth County Community Career Center in conjunction with the Virginia Highlands
10 Community College. This is open to not only Smyth County residents but residents of
11 the region. This would allow a state-of-the-art robotic welding training for employees so
12 they can go right to work. Employers like General Dynamics and others have indicated
13 the need for these welders.

14 A portion of the request is also for the workforce training coordinator
15 position. The county indicated they could pick up the second year of funding for that and
16 for that position.

17 Staff recommends full award for this, based on the immediate job creation
18 and the regional impact on this.

19 DELEGATE KILGORE: Any questions?

20 MR. MONTGOMERY: I run into welders all over the
21 place, and they can relocate. Is welding an area that is going to provide a lot of jobs?
22 From what I understand of robotic welding, I don't know.

23 SENATOR WAMPLER: Perhaps it would be helpful if
24 somebody from Smyth County could tell us what the immediate need is at Utility Trailer
25 and General Dynamics.

26 MR. PFOHL: As the School Superintendent is
27 approaching, what is attached to the application includes letters from various companies.
28 Longwall Associates intend to hire twenty welders in the next year, Utility Trailers, Titan
29 Wheel, Smyth County Machine and Welding. I think those are in your packet.

30 MR. SULLIVAN: Jim Sullivan, Smyth County School
31 Superintendent. To answer your question concerning the utility needs, we have been
32 working with them for the last several years very closely and they have hired everyone
33 that we have produced as a welder and continue to have a need for welders.

34 The other issue here we are looking at is the need for upgrading our
35 equipment to train welders and the machine efforts we have underway. This project will
36 help not only Smyth County but Washington County. In a recent meeting the need was
37 expressed for welders and machinists for immediate training. Our project is both short-
38 term and long-term. Long-term would be to help train our students through high school,
39 prepare them for the job needs in our region.

40 DELEGATE KILGORE: Thank you. Tacoma School
41 Community Center.

42 MR. PFOHL: Non-profit Tacoma School Community
43 Center requesting fifteen thousand to put a new roof, to do some minor interior

1 improvements at the former Tacoma Community School. It is a historic landmark facility
2 that holds weekly bluegrass and country music concerts that attract anywhere from fifty
3 to two hundred attendees, another project we would characterize as falling into the
4 community center category. Total project cost is twenty thousand. Based on the variety
5 of local civic and social events that are held in addition to the weekly concert series, Staff
6 felt that the precedent of funding community centers primarily serving the local
7 community was the overriding consideration to the relative small nature of this request.
8 Staff recommends no award.

9 MR. ROBBIE ROBINS: I'm on the Board of the Tacoma
10 Community Center. One of the things I would like to point out to you, and I know some
11 of the other community centers have a problem being tax-exempt. This organization has
12 already obtained a tax-exempt status and in good standing with the State Corporation
13 Commission. The Board is also a non-paying Board served by volunteers. The
14 Community Center serves as an educational, cultural and social and historical endeavor.
15 Because of the nature of dealing with the cultural area, we are on the Crooked Road
16 designation and would appreciate the fact that we would like to keep our Center as part of
17 this. Historically, it is one of the older buildings located in the area and is visited by
18 many people and provides music for people in the area.

19 It serves the county, due to the fact that meetings are held there. In the
20 long run it is very deserving. We have been raising some funds, and we haven't been able
21 to raise enough. So we would greatly appreciate anything you could help us with.
22 Roofing is a necessity, and that is what we're trying to do at this time. Thank you very
23 much.

24 DELEGATE KILGORE: Any questions?

25 MR. FLANNERY: I have to echo what Robbie said, but
26 any award would help with the cost of repairs. It is very important to this community, but
27 it is a performance venue along the Crooked Road.

28 DELEGATE KILGORE: All right, thank you.

29 Industrial Development Authority of Tazewell County.

30 MR. PFOHL: The Tazewell County IDA has a request for
31 sixty-seven thousand five hundred dollars to complete a master plan and preliminary
32 engineering for a six hundred eighty acre industrial site that would include a virtual
33 building. The site has been purchased by the Tazewell County Board of Supervisors and
34 located approximately eight miles east of Tazewell on U. S. Route 460. Total project cost
35 is 1.1 million dollars. The county intends to include four towns with a revenue-sharing
36 agreement to develop and operate the park. Staff recommends full award of sixty-seven
37 thousand five hundred. This is pretty well leveraged, by the way.

38 DELEGATE KILGORE: Any questions?

39 MR. GRIFFITH: Mr. Chairman, I'm Earl Griffith. I'd like
40 to ask Mr. Flannery how do we get on that Crooked Road. The Board certainly wants to
41 thank you for your consideration, and our Board of Supervisors purchased this property,
42 six hundred eighty acres. We put up thirty-seven thousand to go with this commitment,
43 and if you think you can help us with that to complete our master plan, we have four

1 towns that are on board with us.

2 DELEGATE KILGORE: Thank you. Virginia Economic
3 Bridge, Inc.

4 MR. PFOHL: The "You CAN Go Home Again" project is
5 a concept that had its origins in Smyth County. It has expanded and is a regional project
6 requesting ninety-three thousand seven hundred. That is used to develop and implement
7 a demonstration project in an attempt to attract natives of the area back to live and work
8 in Southwest Virginia, principally through an Internet portal and marketing effort. The
9 request is primarily for staffing, marketing efforts. It is a very complex, reasonably
10 articulated plan. The Staff felt like it was diverse, and a few aspects of the project make
11 it a better candidate for private foundation funding. The funds could be tied to the
12 existence of a portal, and outreach efforts are difficult to quantify. This will be a very
13 challenging grant to manage, from our standpoint. There is some duplication of
14 marketing efforts with some existing organizations and websites. Those efforts are
15 somewhat scattered, as has been pointed out. Sustainability based on future fee
16 generation is unclear, and Staff felt we had an obligation and concerns about this where
17 we recommended no award.

18 MR. MITCHELL: I'm Carl Mitchell, Virginia Economic
19 Bridge. I think the merits of this project is that it is truly a demonstration project. Going
20 back to the overall mission of the Economic Bridge, across all five planning districts, and
21 we cover the three main districts that are here. It begins to address a greater global need
22 to attract and retain individuals in the region. We hear about a lot of opportunities and
23 the need for unemployed individuals. In this case we are focusing on existing businesses,
24 looking for good business growth. I appreciate the Staff's comments, and I actually look
25 forward to come back to the Staff to learn how we might strengthen this proposal and
26 reapply in the future. It would build into the efforts of the economic growth, to look to
27 aggregate all of the activities throughout the region, complement each other and work
28 with statewide programs, give greater time and attention to this region.

29 DELEGATE KILGORE: Next is Southwest Virginia
30 Economic Development Commission.

31 MR. PFOHL: There is a request of seventy-five thousand
32 dollars to provide staffing support and expenses such as printing reports for the
33 Southwest Virginia Economic Development Committee, members of whom serve on this
34 Committee. The Staff looked at this as a precedent where the Commission would be
35 establishing staffing support and operating support for a General Assembly Study
36 Commission, and we recommend no award. We certainly defer to the members of the
37 Committee that serve on the Tobacco Commission.

38 SENATOR PUCKETT: I'd really like to have them get the
39 seventy-five, but I think Tim is right, I don't think the Tobacco Commission money
40 should be funding a General Assembly project. In all due respect, I just think the
41 Tobacco Commission shouldn't be funding something that the General Assembly
42 approved. As Chair of the Committee, I certainly think we need to look to a proper
43 funding agency to do that.

1 DELEGATE KILGORE: Thank you. Wayne Henderson
2 Festival, Inc.

3 MR. PFOHL: The request by this non-profit applicant is
4 for twenty-five thousand toward a total project cost of one hundred twenty-five thousand
5 and to provide infrastructure improvements and serve as a new permanent music stage at
6 the Grayson Highlands State Park. Temporary stages have been used to host the Wayne
7 Henderson Festival, which attracts two thousand visitors annually. Permanent facilities
8 for water, septic and electrical are being requested here, in order to have a permanent
9 stage that could offer events with more frequency throughout the year, including arts,
10 crafts, storytelling and various types tourism related workshops. The request would serve
11 as a match for an approved Appalachian Regional Commission grant. The Staff
12 recommends full award of twenty-five thousand.

13 MR. TUGWELL: I'm Ralph Tugwell, Chairman of the
14 Grayson County Board of Supervisors, and I'm on the Board of Directors for Wayne
15 Henderson Music Festival, Inc. For several years the Wayne Henderson Music Festival,
16 which is a 501C3 corporation, in conjunction with the Grayson Highlands State Park and
17 the Commonwealth of Virginia Division of State Parks, has been developing plans for a
18 permanent performance center at the park. The Music Festival sponsors a music festival
19 and competition every June at the park. The purpose of this is to perpetuate music of our
20 mountain region. Proceeds from the festival go to award scholarships for young people
21 to develop their talents in the traditional music of our mountains. The establishment of
22 the Crooked Road Heritage Music Trail has added impetus to the establishment of a
23 permanent performance center at the Grayson Highlands State Park. I said this Music
24 Festival attracts at least two thousand people to the park to expand the park's interpretive
25 programs. This would make a significant contribution to increasing the tourism-based
26 segment of the county's economy.

27 DELEGATE KILGORE: I think you're going to be okay.

28 MR. MONTGOMERY: Who is Wayne Henderson?

29 MR. TUGWELL: Wayne Henderson is a native of Grayson
30 County and a guitar maker and player. He has won the National Heritage Foundation
31 Award, and was awarded that at the White House back in 1997. He has performed
32 worldwide, Carnegie Hall and other places. This festival is to honor him. He is a world
33 class performer and entertained Governor Warner and Delegate Kilgore; he is a ferocious
34 picker.

35 MR. JOE WILSON: He has a book, and it will be coming
36 out this fall.

37 DELEGATE KILGORE: All right. Whites Mill
38 Foundation, Get The Wheel Turning: Phase 1.

39 MR. PFOHL: Whites Mill is a non-profit applicant that has
40 been supported previously with Commission funds in the amount of fifty thousand to
41 stabilize the historic mill structure located near Abingdon. Those funds have not been
42 drawn down yet, due to some delays in the project costs by the environmental review
43 processes that are required by federal funds that are involved in the project. We have

1 been informed that the use of the '04 Commission funds will probably happen this
2 summer as they begin the stabilization and construction of the facility. This is a project
3 that the Staff felt like until that stabilization and assessment can be undertaken and they
4 could basically get into the building and see what the extent of the need is, we feel like
5 same with the existing award from '04 where we should be with the project at this time.
6 We're recommending no additional funding at this time until that first round of funding,
7 the initial stabilization work can be completed.

8 MS. TRACEY MITCHELL: I think the Board concurs
9 with the Staff recommendations. We've been very close to some of the environmental
10 review considerations, and we believe it is a worthwhile project, and we'll bring it back to
11 you in the future.

12 DELEGATE KILGORE: All right. Friends of the
13 Wilderness Road State Park.

14 MR. PFOHL: The non-profit Wilderness Road State Park
15 are requesting two hundred thousand for final design and professional services associated
16 with the construction of the Wilderness Road State Park Learning Center for History and
17 Culture. The purpose of the center is providing local educational experiences and
18 expansion into the late 1700's. The project is estimated to be more than three million
19 dollars as a construction project and also to provide design services, a portion of the
20 design services, and a hundred thousand dollars private match for the construction of this
21 facility. The applicant has provided us with a five-year projection of revenue from the
22 site, as well as other efforts that demonstrate that this is far beyond the concept stage and
23 this is something that is very well researched and planned.

24 DELEGATE KILGORE: Anyone that has been there will
25 know that many things have gone on there, and they really have their act together.

26 MR. FLANNERY: We wrote the application with Donnie.
27 It's an outstanding proposal, and I think that it shows a lot of restraint. I want to tell the
28 Commission that this past week I was with an individual from the Department of
29 Housing and Community Development, and Mr. Montgomery would be interested in this.
30 We wanted to talk about an aggressive tour plan for western Lee County, because we see
31 it, and Todd sees it as a great gateway, and it is underdeveloped. We're going to make
32 that part of our regional sewer initiative, which is ongoing. It's a great project, and we
33 just put the pieces together, but the initiative was something else.

34 MR. PFOHL: Staff recommends full award.

35 DELEGATE KILGORE: William King Regional Arts
36 Center.

37 MR. PFOHL: The William King Regional Arts Center has
38 a request for two million two hundred sixty-two thousand five hundred dollars for the
39 cultural campus expansion project. The request would add two principal facilities in
40 expansion with the existing former high school and provide new visitor amenities, stores,
41 and so forth.

42 There would be a second development on the property, which would be an
43 artisans' courtyard. One of those pieces is in the ballpark of about a million dollars. We

1 felt like funding one or the other, even at partial levels, would be beyond the scope of the
2 three million we have available here today, and would not get William King to where
3 they needed to be on the construction funding. Based on that Staff recommends this
4 request be referred to Special Projects for consideration by that committee.

5 SENATOR WAMPLER: It's a great project and has
6 tremendous merit. We have folks from William King that are here. I presume we'll send
7 it to Special Projects. I think what we have is an appropriation specifically for Southwest
8 Virginia and has application potentially from Washington County for a regional arts
9 center. William King is getting joined in that discussion, whether you want to or not, but
10 I think that is where we're heading with this particular application. It seems to me the
11 amount was 1.5 million, which is what was allocated, in addition to some other dollars
12 that may be available. Having said that, the people from William King can talk to you
13 about it.

14 MR. CALDWELL: I'm Dan Caldwell, I'm newly elected
15 President of the Board and Trustees of the William King Arts Center. Betsy White is here
16 with me, the Executive Director, and we concur with this recommendation. The capital
17 plan is in its early stages. We have a scale model which this Committee and the Tobacco
18 Commission helped fund. We have it available if anybody wants to take a quick look at it
19 today. We're having an economic development analysis done, as we speak, at UVA Wise.
20 We'd like to have it completed for your consideration and for the consideration of other
21 prospective funders. Referring this to Special Projects is actually a good thing, we think,
22 for our project, because of the amount of the request. We didn't realize your fund would
23 only be three million when we made the application and based the application on the cost
24 of our project.

25 DELEGATE KILGORE: When do you think the Economic
26 Development Committee will actually finish?

27 MS. WHITE: It's under way now, and we want to get this
28 study completed this summer.

29 MR. CALDWELL: We concur in this, and it sounds more
30 like a Special Projects request, and it will be better for everyone. Thank you.

31 DELEGATE KILGORE: Thank you. Wise County IDA,
32 Bear Creek Sewer on the Fairgrounds.

33 MR. PFOHL: Wise County is requesting two hundred fifty
34 thousand to do a five thousand eight hundred foot extension of the Bear Creek sewer line
35 to serve the Wise County Fairgrounds. The Fairgrounds hosts two major events during
36 the year, the Virginia-Kentucky District Fair and the Remote Medical Exposition. Right
37 now those events are served by portable units, portapotties. The total project cost is two
38 hundred seventy-five thousand, and the twenty-five thousand is a matching amount
39 proposed by Wise County Industrial Development Authority. The Staff said this project
40 will serve several unrelated parcels and without appropriate leveraging from other water
41 and sewer funders and users, as demonstrated by some of the other water and sewer
42 projects that are in front of us today. The health care benefits from this improvement are
43 inconsistent with the Commission's Long Range Plan. Staff recommends no award at this

1 time.

2 MR. SKINNER: Mr. Chairman, my name is Skip Skinner.

3 DELEGATE KILGORE: Is this part of the Crooked Road?

4 MR. SKINNER: No, I'm County Administrator. Carl is in
5 the back, and he serves as Director of the Economic Development Authority for Wise
6 County. This particular project is a little unique; because of the uniqueness, that's why
7 we decided to come before this Committee for consideration. As recently as two weeks
8 ago we had conversation with the Virginia Department of Mines, Minerals and Energy in
9 an abandoned mine land program. They were interested, as I understand it, in the project,
10 not because of sewer but because of the need of some fill material in order to solve a
11 problem because of some open portals AMA and some safety issues they needed some
12 soil material, which happens to exist in Wise County. If we are successful in that, it
13 would help cut down some of the costs of this project, it's the ongoing engineering costs
14 that we could piggy-back on some of the ongoing engineering costs. If we are successful
15 in doing that project there, there is some potential coal that could be removed from that
16 site, and Wise County doesn't own that. If this would work out, we'd be entitled to some
17 consideration if all this worked out. I know it's a little unusual from a standard funding
18 source because of the nature of the single time of year that these events occur, the
19 regional fair, and also with the Remote Area Medical Exposition. We're hopeful to
20 complete a master plan in order to create twelve-month year venue. We are on the
21 Crooked Road.

22 SENATOR WAMPLER: Mr. Chairman, one observation.
23 You might want to talk to somebody if there is actually coal and minerals to be extracted
24 as a way to bring down the costs of the project. I don't know who, but that's an area, or
25 that's the beauty of the private education structure. Maybe this one won't get funded this
26 time, but you might want to come back to us and see if you can get some help in bringing
27 down the costs.

28 MR. SKINNER: We're hopeful for anything you may be
29 able to provide. We're looking at long-term strategies for Wise County. Some may
30 remember Wise County was the number two or three apple producer in Virginia in its
31 heyday of apple production. We're hopeful, and looking at that as part of our legacy and
32 trying to bring back that to our area. I'd like to invite all of you tomorrow at 10:00 a.m.
33 to Mountain Road Winery, which is having their grand opening. This is another one of
34 our strategies for economic development, and that has an agricultural growth.
35 Any consideration you can give would be greatly appreciated.

36 DELEGATE KILGORE: All right, thank you.

37 MR. FERGUSON: Mr. Chairman, the other project that
38 has been referred to another committee, one was not taken on the recommendation, I'm
39 referring to the William King Arts Center project. We ought to get that one out of the
40 way.

41 SENATOR PUCKETT: So moved.

42 MR. BANNER: Second.

43 DELEGATE KILGORE: All in favor? (Ayes.) Opposed?

1 (No response.) All right, that takes care of the William King Regional Arts Center. That
2 motion passes.

3 In looking at the list of what Staff has recommended, are there any on the
4 list the Staff has recommended that you want to reexamine or reduce, or things of that
5 nature? We might as well do that right now. What I was referring to is taking the ones
6 that we approved in a block and move those out of the way.

7 MR. FIELDS: We already moved the one project, Scott
8 County. We already moved that, and that money is out of this money?

9 DELEGATE KILGORE: That's right, that's the MERBI
10 project.

11 MR. FLANNERY: We need an approval on it with the fact
12 that it will come from Special Projects at a later date.

13 SENATOR WAMPLER: Mr. Chairman, if I could qualify
14 that. It's approved.

15 DELEGATE KILGORE: It's approved, you've got your
16 money, depending on if we can get it back from Special Projects.

17 MR. FLANNERY: That's not a matter for us.

18 DELEGATE KILGORE: That's right, you don't have to
19 worry about that. Now, going through the rest of the projects, are there any that anyone
20 feels that we need to make a recommendation as to a reduction?

21 MR. PFOHL: Mr. Chairman, I'm not sure if the Committee
22 voted on referring the National Council for the Traditional Arts. Can you help me with
23 that? Is that going to Special Projects?

24 DELEGATE KILGORE: We agreed, basically the same
25 motion that we had on the MERBI, wasn't it?

26 MR. FERGUSON: I don't believe that motion has been
27 made or voted on yet. It was discussed, but I don't think there was a motion.

28 DELEGATE KILGORE: Do we have a motion on that
29 one, that was Senator Wampler's desire that it go to Special Projects but we commit to it.

30 SENATOR WAMPLER: Mr. Chairman, perhaps the
31 appropriate motion would be we take it up as a single item, and then we approve the Staff
32 recommendations, and then with the understanding that we would have a subsequent vote
33 that would move it or refer it to Special Projects.

34 DELEGATE KILGORE: Do I have that motion?

35 SENATOR WAMPLER: So moved.

36 SENATOR PUCKETT: Second.

37 DELEGATE KILGORE: All those in favor say aye?

38 (Ayes.) No's? (No response.)

39 All right. What is our total right now?

40 MR. STEPHENSON: You haven't changed the footings on
41 your report yet.

42 MR. PFOHL: A total recommended of three million fifty-
43 one thousand eight hundred and fifty-six, leaving a balance unobligated of one hundred

1 eight thousand six hundred eighty-nine.
2 MR. FIELDS: We changed that now.
3 MR. PFOHL: That balance would grow if Special Projects
4 chooses to reimburse this Committee on two projects totaling four hundred eighty-five
5 thousand dollars.
6 MR. FIELDS: The MERBI project isn't in here, the three
7 million fifty-one.
8 DELEGATE KILGORE: Yes, it's in.
9 MR. PFOHL: The spreadsheet in your blue folder.
10 MR. FERGUSON: Mr. Chairman, let me clarify that. It's
11 my understanding that the MERBI project, one hundred eighty-five thousand, is included
12 in that total that is on your current spreadsheet. At this point I think you need to consider
13 that as coming out of the Southwest Economic Development funds, even though it will be
14 transferred back later.
15 I wasn't clear on the motion on the National Council for the Traditional
16 Arts.
17 DELEGATE KILGORE: That's three hundred thousand,
18 same motion.
19 MR. FERGUSON: That three hundred thousand has also
20 been expended, but it's included in the three million fifty-one thousand total you have on
21 your spreadsheet. You haven't changed the bottom line on the Staff recommendations at
22 this point.
23 DELEGATE KILGORE: It doesn't change the bottom line.
24 MR. FERGUSON: No.
25 DELEGATE KILGORE: Is the Committee accepting all
26 the other Staff recommendations?
27 MR. BANNER: Mr. Chairman, I'm a little concerned about
28 the Appalachian Authors Guild, Inc., the first proposal. The fact that they are a non-profit
29 organization that hasn't been given that status by the IRS yet. When will the Committee
30 meet again?
31 DELEGATE KILGORE: I think we'll meet again in the
32 fall.
33 MR. PFOHL: Mr. Chairman, we've operated for the last
34 year or so on the potential for a second round if enough funding is left on the table here
35 today. In FY04 we did a second round of funding with 1.1 million dollars that was
36 available. In this case, whether or not there will be a second round before next spring
37 and the annual cycle is a question of how much money you leave on the table today.
38 MR. BANNER: Since the Full Commission doesn't meet
39 until August, I was wondering if there is any way to partially fund this, or at least give
40 them some seed money, with the stipulation that the IRS gives them non-profit status.
41 DELEGATE KILGORE: I don't have a problem between
42 now and August 18th if they let us know that they have received that status, that we look
43 at it, I don't have a problem doing that if we know that. If we give them all of it we'll be

1 down to eight thousand six hundred eighty-nine dollars.

2 SENATOR WAMPLER: Here's what we find ourselves in,
3 if you'll review the records, you'll find that I have made this comment every year. The
4 Deal Closing Fund or Special Projects sometimes doesn't meet the immediate need for
5 creating jobs. We have some employers that have a unique position in the market. We
6 closed the deal in Chilhowie with an employer that didn't meet the criteria or eligibility of
7 the other fund, and the Southwest Committee needed to do that. I'd have concerns going
8 below a hundred thousand dollars, I really have a concern going below a half million
9 dollars, the remaining balance.

10 I would agree that I would like to do something with them, but it is just
11 with the understanding that is we do that we have to go back and juggle everybody else's
12 dollar amount. But you all can do whatever you're comfortable with.

13 MR. MONTGOMERY: Mr. Chairman, I understand the
14 Town of Pennington Gap has a project, the theater, and if they had thirty thousand for that
15 feasibility study, the overall comprehensive plan, that would go a long way in getting
16 them started, maybe to speed it up.

17 DELEGATE KILGORE: Are you saying you want to take
18 that? Do you want to make reductions, or take it from the balance, or what?

19 MR. MONTGOMERY: Wherever we can get it. The
20 balance would be fine.

21 DELEGATE KILGORE: The balance was one hundred
22 eight thousand six eighty-nine.

23 MR. MONTGOMERY: I think it would be meaningful to
24 the area to do that, that feasibility.

25 DELEGATE KILGORE: The Town of Pennington Gap
26 Downtown Revitalization.

27 MR. MONTGOMERY: Mr. Long is here, and Mr. Smith
28 left.

29 MR. FLANNERY: I don't know the particulars on that, I
30 do know they need these feasibility funds, and I think that is largely discretionary. I told
31 you we think it is a solid project. I understand the problem, but whatever you can do.

32 MR. PFOHL: The additional information that was
33 provided by Pennington Gap on that Lee Theater project gives a breakout of the
34 expenditure of the money. They are requesting fifty thousand to acquire the property for
35 the parking lot, professional services of ten thousand, some HVAC, electrical, bathrooms
36 and kitchen facilities. I would suggest that if we can help them secure that parking lot,
37 that that is something that probably would be a key step to lock in the acquisition of that
38 parking. That is a fifty thousand-dollar item.

39 DELEGATE KILGORE: I would prefer the feasibility
40 study so we know where we're going.

41 MR. MONTGOMERY: I like what Mr. Pfohl said, if
42 there's more money. I think the feasibility study, frankly, is what is needed. If you don't
43 have a plan you don't know where you're going.

1 DELEGATE KILGORE: That's fine, but we've got to get
2 there, and I've got one hundred eight thousand six hundred eighty-nine dollars left. Staff
3 recommendation is three million fifty-one thousand.

4 MR. BANNER: I'd like to make a motion to reduce the
5 hundred thousand that we gave to the Saltville Foundation, Project Mammoth, reduce it
6 to seventy-five thousand and put twenty-five thousand aside for the Appalachian Authors
7 Guild, Inc., with the stipulation that they receive the non-profit status prior to the August
8 18th meeting.

9 DELEGATE KILGORE: Mr. Banner has made a motion
10 that we take the Saltville Project Mammoth from a hundred thousand to seventy-five
11 thousand, with the remaining twenty-five thousand going to the Appalachian Authors
12 Guild if they meet the non-profit status prior to August 18th when the Full Commission
13 meets. Correct?

14 MR. BANNER: Yes.

15 MR. FERGUSON: I don't have a lot of experience with
16 referring IRS applications and getting tax-exempt status, but according to the summary it
17 indicates that the applicant has prepared, or Appalachian is preparing that. Can someone
18 tell me the status of that? With the little experience I have, it is highly unlikely that you
19 will get that approval by August. As a practical matter, I've never seen one turn around
20 that fast.

21 MR. BANNER: It was my understanding, Frank, that they
22 had submitted it already. I don't know when they did, but they were awaiting approval,
23 but I don't know what the time frame is.

24 MR. FLANNERY: Mr. Chairman, IRS normally is one
25 hundred twenty days. I don't know when they submitted this.

26 MR. FERGUSON: If it is already in, that's one thing.

27 MR. BANNER: I understood it was already in and they
28 were expecting to hear back

29 MR. MONTGOMERY: Mr. Chairman, the experience I
30 had recently with two of those dealing with applications on boards that I serve on, it took
31 more like a year to eighteen months, and we had experienced CPA's working on them.
32 They are always writing back for more information. One CPA told me every time we met
33 they wanted more information.

34 MR. BANNER: Well, if they don't hear back and they
35 don't have enough information by August 18th, then it will be a moot point.

36 DELEGATE KILGORE: There's a motion pending without
37 a second.

38 SENATOR WAMPLER: I'll second it, Mr. Chairman.

39 DELEGATE KILGORE: All in favor of the motion say
40 aye? (Ayes.) Opposed? (No response.)

41 MR. FIELDS: What was the motion?

42 DELEGATE KILGORE: The motion was to reduce the
43 Saltville Project Mammoth by twenty-five thousand, allowing the Appalachia Authors

1 Guild twenty-five thousand if they met the non-profit status by August 18th. That was
2 the motion. If that doesn't happen, then everything will go back to Project Mammoth.

3 MR. MONTGOMERY: Back to Project Mammoth, or to
4 the pot?

5 MR. FERGUSON: I have to agree with Ned, I think it
6 probably should go back to the pot. If it comes in on the 18th it won't be available, you
7 might have to meet quickly and reallocate it, but I don't think you can have that kind of
8 contingency. I don't know, it's a policy matter between grantees, rooting for or against
9 someone.

10 DELEGATE KILGORE: Let's move on, then.

11 SENATOR WAMPLER: I think I heard correctly that we
12 would like to add, deviate from the Staff's recommendation and add thirty thousand to the
13 Town of Pennington Gap for purposes of determining a feasibility study for the Lee
14 Theater. In conjunction with that motion, what I hope is a friendly suggestion for a
15 modification of the Staff recommendation for the City of Norton as related to the storm
16 water project in the amount of one hundred fifty thousand. The net effect would be plus
17 thirty for Pennington Gap and one fifty for the recommendation for Norton, and I so
18 move.

19 MR. FIELDS: Second.

20 DELEGATE KILGORE: There's a motion and a second.

21 All in favor say aye? (Ayes.) Motion passes.

22 Do I have a motion on the block, the remaining Staff recommendations?

23 MR. FIELDS: I make that motion.

24 MR. BANNER: Second.

25 DELEGATE KILGORE: All those in favor say aye?

26 (Ayes.)

27 Any other business to come before the Committee?

28 MR. CURRIN: Housekeeping, lunch will be provided for
29 the Committee and Staff.

30 DELEGATE KILGORE: Let me thank you all for coming,
31 and if your project didn't get funded, all these were good projects. We're going to work to
32 get some guidelines for the community centers and try to come up with something. I
33 know these community centers are providing more than just meeting places, and we need
34 to come up with some recommendations.

35 Does anyone have any public comments?

36 MR. FLANNERY: I want to thank the members of the
37 Committee, but there is an unwritten rule that Staff members have to not say anything,
38 but I want to commend Carthan and Ned and Tim for working closely with us on these
39 projects and the one in Scott County. That's a two-way dialogue. Ned and Carthan in
40 particular, thank you so much.

41 DELEGATE KILGORE: Do I have a motion to adjourn?

42 So moved.

43

1 PROCEEDINGS CONCLUDED.
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6 CERTIFICATE OF THE COURT REPORTER
7
8

9 I, Medford W. Howard, Registered Professional Reporter
10 and Notary Public for the State of Virginia at large, do hereby certify that I was the court
11 reporter who took down and transcribed the proceedings of the **Virginia Tobacco**
12 **Indemnification and Community Revitalization Commission Southwest Economic**
13 **Development Committee Meeting when held on Friday, July 8, 2005 at 10:00 a.m. at**
14 **the Virginia Highlands Small Business Incubator, Abingdon, Virginia.**

15 I further certify this is a true and accurate transcript to the
16 best of my ability to hear and understand the proceedings.

17 Given under my hand this day of July, 2005.
18
19
20
21

22 _____
23 Medford W. Howard
24 Registered Professional Reporter
25 Notary Public for the State of Virginia at Large
26
27
28

29 My Commission Expires: October 31, 2006.
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